

## **Annexure 5- I**

SECRET

P.C. PARAKH, I.A.S.  
Collector & Dist. Magistrate

Kurnool  
Dated: 06-04-1981

Dear Sir,

After discussing with you about the desirability of my continuing at Kurnool, I had met Hon'ble Minister of Law Sri E.Ayyapu Reddy at his residence to invite him to the inaugural function of Nandyal Co-operative Sugar Mills. The Hon'ble Minister enquired of me as to how could I straight away go to the Chief Minister and request him for the inauguration of sugar factory, meaning thereby that I should have made prior consultation with him, he being the Minister in-charge of the district. I explained to him that to my understanding, the Minister in-charge is to preside over the Zilla Parishad Advisory Committee meetings in the absence of an elected Zilla Parishad and generally review the development activities in the district. It is not necessary for the Collector to consult him on every matter relating to the administration of the district. I had requested the Chief Minister to inaugurate the sugar mill in my capacity as Chairman of the Board of Directors of the sugar mill which is an autonomous institution and therefore, I did not feel it necessary to consult him before inviting the Chief Minister for the inauguration.

The Hon'ble Minister thereon stated that if I think that I must rule the district, where is the need for me to seek his cooperation. I told him that there was no question of my ruling the district and I am discharging my functions as the District Collector in the manner I consider most appropriate. The Minister there upon observed that I have not been discharging my duties properly and that there are charges of corruption against me. I requested him to be specific and let me know of any instance that has come to his notice. He mentioned that he had information that Sri. C. Rami Reddy (the former BDO of Dhone, whom I had recommended for suspension and who has since been transferred to Srikakulam in view of his alleged complicity in disposal of NREP rice in the open market) had supplied cement for construction of my house at Hyderabad. The Hon'ble Minister perhaps did not know that most of the work of my house requiring cement had already been completed even before I took charge as the Collector of Kurnool District. I was astonished to hear this wild and baseless allegation from the Hon'ble Minister. After requesting to him that if he had any information it would be appropriate for him to send a written complaint to the Chief Secretary or the Vigilance Commissioner, I took leave of the Minister.

During the course of the discussions, the Minister observed that he is not getting due consideration as Minister in-charge of the district and instead of the Collector, Superintendent of Police and Sub-Collector calling on him when he visits the district, perhaps it may be necessary for him to call on these officers. I explained to the Hon'ble Minister that according to the prescribed protocol the Collector and Superintendent of Police are required to call on the Minister during his first visit. It is not necessary for them to call on him on each subsequent visit, as it is neither prescribed in the protocol nor it is possible in view of pressing demands on the time of these officers. The Minister perhaps feels that having been designated minister in-charge of the district; he entitled to privileges over and above those prescribed under the normal protocol instructions. As there is no district officer in-charge of the subjects

of the Hon'ble Law Minister, and therefore, no district level officer is accompanying him on his tours, he feels that he is not getting due importance in the district. However, the absence of a district officer cannot be made up by the Collector and Collector cannot be expected to follow him on his tours every time he comes to the district. In spite of several other pressing items of work I had sent the Joint Collector to accompany the Minister for tour of his constituency even though the Joint Collector and I had already visited most of the villages earlier. However, this is not possible on every visit of the Minister.

Nandyal Sugar Factory is a major industrial project in the district with an investment of Rs. 7 crore. In view of its importance, I have always thought it appropriate that the Hon'ble Chief Minister should inaugurate this factory and this was the common consensus amongst the committee of persons-in-charge. The Hon'ble Minister of Law had expressed his desire to inaugurate the sugar mill to the Managing Director of the mill last month. I had requested the Managing Director to inform the Minister that in view of the importance of the industry in the district, I feel it appropriate if the Chief Minister inaugurates the mill. I am at a loss to understand that after having made it clear that it would be appropriate, if the Chief Minister inaugurates the sugar mill, why should the Hon'ble Minister for Law be keen to inaugurate the mill and why should he take objection to my inviting the Chief Minister.

I was aghast to hear the baseless and the wild charges of corruption coming from a responsible Minister of the State Government. If the Hon'ble Minister knew that Sri C. Rami Reddy, the former BDO of the Dhone, had supplied cement for the construction of my house, the Minister was obviously aware of the misconduct of the Sri C. Rami Reddy and should not have stood in the way of his suspension. It would perhaps have been more appropriate for him to agree with my proposal for suspension of the BDO in view of his personal knowledge of the misconduct of the BDO in having supplied cement to me. He should have

mentioned that in addition to the BDO, the Collector is equally corrupt and, therefore, action should have taken against him also. The entire record of construction of my house is available for scrutiny by anybody and I have been keeping the Government informed of the various loans I had raised during the construction .

In a district so the ridden with factions, to my understanding it is inappropriate for the District Collector to align himself with particular groups and seek instructions from them, whether it is led by the minister or any one else.

As the Hon'ble Law Minister, who is the minister in-charge of the district, has serious reservations about my capacity to function as the District Collector and has also reasons to believe that I am a corrupt officer, it would be unfair to him, to the district and to me, if I am continued as the district collector, Kurnool any longer. I therefore, request that I may be shifted from this place at the earliest.

I had tried to see you personally after my interview with the minister both on the evening of the 4<sup>th</sup> and forenoon of the 5<sup>th</sup> but as you were away from residence, I could not meet and apprise you of the developments before I left Hyderabad for Kurnool.

With kind regards,

yours Sincerely,  
(P.C. PARAKH)

To  
Sri S.R. Ramamurthy, I.A.S.  
Chief Secretary to the Government  
Andhra Pradesh, Hyderabad

Copy to Sri U.B. Raghavendra Rao, I.A.S.  
Secretary to Chief Minister, Andhra Pradesh, Hyderabad

## **Annexure 6-I**

P.C. PARAKH, I.A.S.

Hyderabad  
Dt. 08-02-1983

Dear Sir,

I should like to draw your attention to certain basic issues that arise out of my transfer from the Hyderabad Municipal Corporation within four month of my taking charge. These issues relate to norms of bureaucratic conduct and principals of personnel management in the government.

I have no authentic information about the causes leading to my transfer and can make a reasonable surmise on the basis of what I hear from different quarters. I understand that the reduced tempo of road-widening works led the government to believe that I have not been effective enough at my new assignment. This, however, appears absurd as the decision to stop road-widening works was taken after a detailed discussion held in your chambers in the presence of the Finance Secretary and the Secretary, Municipal Administration. I was given to understand that the corporation cannot recklessly take up works without reference to its financial resources and commit the government to huge expenditure. Subsequently, the government issued a memorandum directing the corporation to stop all works not yet grounded and close the works already started at a safe stage.

The basic question that arises is whether individual officers of the government are entitled to trespass the limits of their authority and commit the government to several crores of expenditure to earn personal popularity? Is the government prepare to condone such financial impropriety on the part of all its officers or is such privilege available to a select few? Should those who trespass their authority be termed dynamic and those who function within the framework of their assigned roles be called inefficient? If such dynamism is to encouraged, half a dozen government officers would

be enough to render the entire financial management of the government into a chaotic condition.

The fact that most of the roads widened recently have developed potholes within six month of their laying is a matter of common knowledge. In spite of the roads having been widened, the motorists still prefer to drive on the old carriageway. Any one who was driven on these roads knows that these are no better than country tracks.

The results of investigation into the quality of these works should alarm any government. Can one believe that bitumen used in road-widening is as low as 28 percent of quality check-measured? Can one believe that RCC deck slabs should start crumbling within two years? Can one believed that slab thickness is only 60 percent of what is check-measured? But these all are facts. And these are the results from the Masab Tank to Secretariat road and Road No. 1 of Banjara Hills on which all the 'VIPs' drive. What the fate of other roads is, can be anybody's guess.

Not one of these roads confirms to specified standards. The metal used is uniformly oversized, consolidation is grossly inadequate, crest thickness is up to 50 percent of check-measured thickness, and no regard has been paid to integrate the camber of widened portion to that of the original road. These roads will need huge amount for maintenance and would be a perpetual liability for the corporation.

No wonder the road-widening works were carried out at extraordinary speed. If the opportunities to make money are unlimited and quality of work is no consideration, no dynamism is required. There will be enough built-in driving force to speed up the work.

But is speed synonymous with dynamism? Should the quality of work be sacrificed for speed? Should the corporation

squander its meagre resources to make contractors rich? Should the government encourage this in the name of dynamism? These are some of the mute questions that call for an answer.

In the absence of any other rational reason, should I presume that my transfer was engineered by those who run the risk of being exposed? I wish it was not the case but I am afraid it is so.

Road-widening is not Municipal administration. Overflowing and choked drains, stinking garbage heaps, arbitrary and callous tax assessments, low labour productivity, pilferage of fuel and poor fleet maintenance are some of the more pressing and urgent problems of the corporation. These problems need detailed study, careful analysis, and methodical planning and execution.

Should the government then allow officers enough time to think and evolve solutions to these problems, or keep shuffling them every three months? Dose the government assess the suitability of an officer before giving him a posting? How, and by whom, is the performance of the civil servants to be assessed? Should transfers and postings be in public interest or at whims and fancy?

I do not consider my self an aggrieved party. I am therefore, not seeking any redressal from the government. However, the issues raised in the letter are of fundamental importance from the point of view of the morale of bureaucracy. The government may do well to give a serious thought to them.

With kind regards.

Yours sincerely,  
(P.C. PARAKH)

Sri B.N. Raman, I.A.S.  
Chief Secretary to Government  
Government of Andhra Pradesh  
HYDERABAD

# EXPRESS

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## Another IAS officer revolts

Express News Service

HYDERABAD Feb 10

In the footsteps of his controversial predecessor, Mr A V S Reddy, senior IAS official P C Parakh, who was special officer, of the Hyderabad Municipal Corporation (MCH), until a week ago, has taken up cudgels against the State Government for his being transferred without sufficient justification.

Mr Parakh feels that his transfer ordered within four months of assuming charge as the MCH special officer raises "various basic issues relating to norms of bureaucratic conduct and principles of personnel management" in the Government.

He opines that the matter needs careful consideration of the Government and intelligence and that an informed public opinion is necessary to help the Government evolve a sound policy.

Unlike Mr A V S Reddy in whose last year sparked off a heated public controversy by issuing a press statement against "political interference" in the functioning of the officials and the outdated conduct rules in force for IAS men, Mr Parakh has confined himself to questioning the frequent transfers which assume importance from the point

of view of "morale of bureaucrats".

He asks is it proper for the Government to keep shuffling the IAS officers every three months instead of allowing them enough time to think and evolve solutions to problems? Does the Government assume suitability of an officer before giving him a posting? How and by whom is the performance of a civil servant to be assessed? Should transfers and postings be in public interest or at whim and fancy?

Mr Parakh has been serving in Andhra Pradesh since 1969. The posts he held in the past include joint commissioner of commercial taxes (enforcement), collector of Kurum district and director of civil supplies.

The MCH has been headed consecutively by as many as four IAS officers since last year — Mr Arjun Rao (10-1-1982 to 4-8-1982), Mr A V S Reddy (7-8-1982 to 7-10-1982), Mr P C Parakh (7-10-1982 to 3-2-1983) and Mr R P Singh from 3-2-1983.

### His surmise

Mr Parakh has no authentic information on the causes that led to his transfer from the MCH, but on the basis of what he has heard from different quarters, he has surmised that the Government had envisaged the reduced tempo of road widening

work in the city to his alleged 'ineffectiveness'.

This is stated according to Mr Parakh because in a meeting held in the chambers of the Chief Secretary, he was given to understand that the MCH cannot routinely take up works without reference to the annual resources and consult the Government to huge expenditure. Indeed, a few days after the meeting, the Government had issued a memo directing the MCH to stop all works as yet not grounded and close works already started at a safe stage.

Mr Parakh, obviously referring to his predecessor Mr Arjun Rao's remarks that it is ironic that one who was allegedly 'considered guilty of financial irregularities' had been subordinated as dynamic and that the one who stopped the works according to government directive has been condemned as 'inefficient'.

Mr Parakh has also drawn the Government's attention to big potholes that the widened roads have developed within six months and furnished technical data to show that the new thoroughfares do not conform to specified standards. He has complained that even on the road connecting Mosab Tank with the Secretariat, bitumen used was as low as 28 per cent of the quantity estimated and close measured, one which was only 80 per cent of that

was close measured; even when less was only 40 per cent of that which was estimated and close measured. There was no concrete, macadamization given inadequate and no regard was paid to integrate the number of widened portion with that of the original road.

Mr Parakh says the all new widened roads would require large amounts for maintenance and create a perpetual liability to the MCH.

The extraordinary speed with which the road widening work was started during the tenure of Mr Arjun Rao prompts him to view in a situation where "opportunity to make mistakes multiplied and quality of work was no consideration", Mr Parakh says.

He has also pointed out to the State Government that "road widening is not merely an administrative" and that he has to primarily tackle difficulties posed by overflowing of drains, blocking of drains, heaps, arbitrary tax levies and such other problems which call for detailed study, analysis, methodical planning and execution.

Mr Parakh now awaits the orders after reassignment of Mr Arjun Rao as special officer of the MCH, believing that his mission has been entrusted to him that run the risk of being exposed in the subsequent audit of road widening work.



### **Annexure 6-III**

13 B, Janata Co-operative  
Housing secretary  
Begumpet  
Hyderabad  
Dt. 11-03-1983

My Dear Bhai Saheb,

I hope this finds all of you well. We are all fine here. It was, indeed, a grate pleasure to meet and spend some time with you during your last visit to Hyderabad.

I am writing this letter to seek your opinion on the possibility of civil servants invoking the Law of Torts against the government. Early last month I was transferred from the Municipal Corporation of Hyderabad after the new government took over the state administration. Although my transfer was not motivated by the political considerations, the circumstances in which it happened raise certain issues of importance to the personnel policy of the government and morale of civil services in this country. I have set out these issues in the letter which I addressed to the Chief Secretary to the Government of Andhra Pradesh, a copy of which I am enclosing herewith for your reference.

Although, it was not first time that I had to face a transfer for offending vested interests, it was, however, for the first time that the transfer was accompanied by attendant humiliation of alleged inefficiency.

As frequent transfers of civil servants, motivated by a variety of pressure, and in complete disregard to either public interest or morale of the services, have become the order of the day, it is necessary that some unconventional methods of deal with this problems are evolved. Since the higher civil services have also

been highly politicized particularly after 1975, and are rapidly getting divided into splinter groups based on parochial and caste considerations, service association do not seem to be capable of dealing with the problem.

I think the Law of Torts can be successfully invoked by a civil servant who is humiliated by frequent transfers which are motivated by consideration other than public interest. As the Law of Torts is a dynamic law not restricted by written code and is continuously changing in response to new conditions and needs, it should be possible for courts to give adequate relief where interest of justice would appear to demand it.

I will feel obliged, if you could spare some time out of your busy schedule to advise me if I can sue the state Government for damage of causing mental anguish, and injury to my reputation by its action. If this case succeeds, it would be a landmark in the evolution of Law of Torts in the country and may perhaps help in preventing further demoralization of higher civil services.

I am also enclosing a few paper cuttings which should give an indication of how the general public feels about these issues.

I would be happy if you would kindly convey your opinion at the earliest. Usha joins me in conveying our regards to Bhabhi and affectionate compliments to Abhishek , Anita and Abhilasha.

With kind regards,

Yours Sincerely  
(P.C. PARAKH)

Dr. L.M. Singhvi  
B8 South Extension, Part II  
NEW DELHI 110049

Annexure 6-IV

DR L. M. SINGHVI

PAGES : 401200 and 404821

Personal

S-8, SOUTH EXTENSION PART II  
NEW DELHI - 110068

13.3.1983

My Dear Kamur Subel,

I received your letter this morning. I am writing to you immediately so as to avoid any delay.

You have raised a legitimate public issue. Ordinarily, transfer are not considered justifiable except when they are mala fide or without jurisdiction. In your case, it might be said that the transfer also carried the stigma of inefficiency with it. Perhaps there is nothing to prove that the transfer was on that basis, but records may show this to be so. The concept of mala fides is considerably extended as the motive in law is equally actionable.

Tort is the weakest branch of our law, it is in a primitive and archaic state in our country. Your suit for damages would no doubt cover new ground but that is why it is not possible to give an accurate prognosis. All I can say is that it would be worth a try. It may end up by a Government clarification. It may put the Government on the defensive. It would compel public attention and arouse public concern.

(Contd.)

Frequent transfers are also public wrongs or public torts. The Officers' Association should also take active interest in this matter and make it a kind of Public Interest litigation.

The issue ought to be discussed and raised ~~at~~ by the Institute of Public Administration also.

This brings you and dear Usha my affectionate remembrances - which Kamalaji, Abhishek, Anita and Abhishake join me.

Sincerely,  
L. M. Hegde

Shrinani B. C. Parakh,  
IAS.

## **Annexure 6-V**

CONFIDENTIAL

GOVERNMENT OF ANDHRA PRADESH  
GENERAL ADMINISTRATION (SCD) DEPARTMENT

Memo. No. 389/SCD/83-2

Dt. 23.3.1983

Sub: Public Servants- Sri P.C. Parakh, I.A.S., - Contravention of  
certain provisions of All India Services (Conduct) Rules, 1968  
– Regarding.

Ref: From Sri P.C. Parakh, I.A.S., letter, Dt. 8.2.83.

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According to the rule 6 read with rule 7 (1) of the All India Services (Conduct) Rules, 1968 no member of the service shall, in any radio broadcast or in any document published anonymously, pseudonymously or in his own name or in the name or of any other person or in any communication to press or in any public utterance, make any statement of fact or opinion which has the effect of an adverse criticism of any current or recent policy or action of the Central Government or a State Government without obtaining permission of the government.

2. It is noticed that under different captions and dates in the daily newspaper, viz., Indian Express, Dt. 11.2.83: Deccan Chronicle, Dt. 11.2.83: Eenadu, Dt. 14.2.83 and Andhra Prabha, Dt. 11.2.83: the contents of his letter cited have been published without obtaining permission of the government. The act of P.C. Parakh, IAS, in having released the matter to the press without the permission of the government constituted violation of the rules mentioned in para (1) above. He is, therefore, requested to furnish his comments in the matter so as to reach the government within a fortnight from the date of receipt of this memorandum.

B.N. Raman

Chief Secretary to Government

To,

Sri P.C. Parakh, I.A.S.

Secretary to Commission of Commercial Taxes

Hyderabad

Assistant Secretary to Government

## **Annexure 6-VI**

P.C. Parakh, I.A.S.

Hyderabad  
Dt. 13.9.1983

To  
The Chief Secretary  
Government of Andhra Pradesh  
Secretariat  
Hyderabad

Sir,

Ref: Government Memo No. 389/SCD/83.2/Dt. 23.3.1983.

Kindly refer to the government memo cited in which I have been requested to furnish my comment regarding publication in the newspapers of my letter dated 8.3.1983 addressed to Chief Secretary.

Before I offer my comments on the release of my letter to the press, I should like to briefly narrate the state of affairs as existed when I took over the office of Special Officer, Municipal Corporation of Hyderabad.

The staggering callousness in spending public money to enrich contractors and unscrupulous officials came home to me within a couple of days of my joining Municipal Corporation of Hyderabad. It becomes relevant here to mention my report to the Secretary, Municipal Administration, regarding repairs to the road, through which the Moharram festival procession was to pass. This estimate was a typical example of unholy alliance between local politicians, contractors and corporation officials to defraud the Municipal Corporation. And it was not an isolated instance of mischief. The road-widening works were in conformity with the order of the day. I do not need to mention here again the results of investigations which were taken up with the assistant of the Chief Engineer, National Highways, and reported to the government.

As I went into details of the working of different wings of the corporation, I found manifestations of the same malaise everywhere. The assessment and collection of property tax is callous and arbitrary, the parameters of fixation of retable values are undefined and discretion of tax officials unlimited; variation of tax liability of identical buildings is unbelievable; the working of conservancy section is primitive and inefficient; labour productivity is poor, disposal of garbage is unscientific and unhealthy; fleet utilization is very low; there is large scale pilferage of fuel; overloaded draining system is choking for want of scientific maintenance; works are executed in wrong order of priority and without reference to technical feasibility and city planning is reduced to mere granting of relaxations from existing buildings rules.

Three months is too short a period to even identify the areas of deficiency in an organization as big as the Municipal Corporation of Hyderabad, not to talk of taking remedial action. It took me hours of painstaking study to understand the working of various sections of corporation and identify the areas of deficiency. In less than four months I planned for better execution of road work with the collaboration of Central Road Research Institute, made a comparative study of financial position of all major corporations in the country to strengthen the resource base of the corporation, planned for more scientific tax system by computerizing assessment and collection of property tax by taking the assistance of Tata Consultancy, took up works and methods study in consultation with the Administrative Staff College of India to improve labour productivity of conservancy workers and involved the National Building Organisation to adopt low cost technology for slum housing.

I have mentioned above my approach to problems so the government can understand the frustration that overtake an officer who is to deprive of an opportunity to implement the schemes he has painstakingly worked out.

There are occasions when political compulsions prompt premature transfer of officers. But in such cases the Chief Secretary and at times even Chief Minister have generally shown the courtesy of taking the officer concerned into confidence, before passing orders. At the time of my transfer the government was new and no such compulsion existed. I was therefore led to believe that my transfer was engineered by people within the bureaucracy for obvious reasons.

While most of us have now accepted transfer motivated by political considerations as a fact of life, service colleagues manoeuvring transfers and postings of their colleagues to serve their own personal agenda is a regrettable new phenomenon. Unfortunately, with the office of the Chief Secretary having been devalued, there are no institutional safeguards to prevent such activities.

The good tradition of giving a reasonable tenure to an officer so that he can understand the problems of an assignment, workout solutions and implement them has been given the go-by. While frequent transfers, motivated by ulterior considerations, do no personal harm to the officer concerned, they have had the effect of damaging the entire fabric of civil services in the country with the result that most civil servants have either become servile and pliable slaves of their political masters or confirmed cynics having lost faith in their own capability as well as that of the government they serve.

It is unfortunate that the Indian Administrative Service with its cosmopolitan character, which was considered the hope of India's future, should have degenerated into splinter groups led by parochial and self-centered individuals who have neither the courage of convictions nor values in life.

All the issues I raised in my letter under reference and those I have raised above are out of anguish and concern for the



health of the civil services. The government may perhaps recall the letter I had written to the Chief Secretary when I was transferred from Kurnool, where I served as Collector. I had spoken of equally important issues in that letter, which is probably gathering dust in the cupboards of the secretariat. If the government chooses to remain insensitive to vital issues affecting efficient administration, which is its *raison d'être*, the only way out for a conscientious public servant is to pose these issues before the people at large. Before I released my letter to the press, I waited long enough for the government to react to the issues I had raised. A well-informed public opinion is perhaps the only way to make an inert government stir and hence the need for releasing my letter to the press.

If after an officer has put in more than a decade of service, the government does not have adequate assessment of his competence to hold a particular job, there is something seriously wrong with the government's method of evaluation. The fact that even my successor has been transferred within seven months of his taking charge should more than prove the deficiencies in the government's personnel policy. It looks as though the government is indulging in a chess game and public good is of no consequence.

The rule 7 (i) of the All India Services (Conduct) Rules, 1968 prohibits only 'adverse criticism' of the government and not criticism per se. The word, 'adverse' according to the Chamber's Dictionary means, 'injurious' or 'harmful'. I do not consider my criticism as injurious or harmful to the government. My criticism on transfers, taken in the right spirit should make the government evolve a more rational personnel policy.

The facts I mentioned regarding quality of works executed by the Municipal Corporation or other irregularities are based on the records of the corporation and there is nothing secret or confidential about them. I would have been within my right to disclose this fact to the press in discharge of my official duties. To

my understanding, therefore, I have not contravened any provision of All India Services (Conduct) Rules.

If the government for any reason comes to the conclusion that my going to the press was breach of conduct rules, I may mention that no rules of conduct can be cited to prevent a citizen in a free society from airing his views on issues which affect his obligation to fellow citizens, his rights, self respect and dignity and integrity of the government. The conduct rules have to change along with the changing needs and values of society. In a democratic society, they cannot be regimentals and shut the mouth of a person against the larger interest of the people.

In the above paragraphs, I have tried to make it clear why I took the extreme step of writing and releasing my letter to the press. If lack of objectivity, decency and courtesy on the part of the government could be the subject matter of judicial scrutiny, I would have gone to a court of law instead of press. Unfortunately it is not so.

I am surprised at the priorities of the state, which is not at all perturbed about the massive fraud on the taxpayers of the twin-cities in the name of road-widening, but is seriously worried about the “breach of conduct rules”, in release of my letter to the press. The publication of my letter in the press has not in any way harmed public interest. On the other hand it has educated people and created a better awareness amongst the citizens regarding malfunctioning of the government. What I wrote months ago about road works on the basis of my investigation can be perceived by every commuter in the twin cities using the roads today. What can be the future of a State whose ruling elite is incapable of distinguishing between right and wrong, between the sinned against and the sinner?

The government’s bias against me has been apparent in its subsequent decisions of insisting on my joining the Commercial Taxes Department, in directing me to apply for leave in respect of period which ought to have been regularized as compulsory wait,

and in permitting one of my senior colleagues to sue me without even examining the issues involved. By the same token of justice would the government permit me to sue the Chief Minister for making an irrelevant and unwarranted statement in April 1983, while replying the question of a press correspondent which had the effect of creating a wrong impression in public mind, as if I had uttered lies in my letter to the Chief Secretary?

I had not sent my reply to the government earlier, thinking that the government, having caused enough embarrassment to itself by its action, would not like to pursue matters so as to suffer further embarrassment. But I see that the government, like the *Bourbons of France*, has learnt nothing from its past mistakes. I am quite convinced of the righteousness of my cause and nothing can deter me from pursuing my chosen values in life.

Yours faithfully,  
P.C. PARAKH

## **Annexure 9-I**

22-9-1997

Dear Sri Bangur,

Mr. Seetharamaiah, Vice-President (Finance) of the A.P. Paper Mills Limited, visited me at my residence. While leaving my residence, he left behind a carry bag containing bundles of Rs. 100 currency notes. Since the carry bag had a picture of Lord Venkateshwara, I thought he had brought prasadam from Tirupati. Soon after he left my residence, my daughter found that the bag contained currency notes. I immediately called Mr. Seetharamaiah at his residence and asked him to come and pick up the money immediately.

He came back to my residence at about 10 pm, and on enquiry, informed that this money was given by the party to whom letter of intent for conversion of FBC boilers was issued. He indicated that this is part amount of the kickbacks for the government directors; a similar amount was paid to the promoter directors.

I am greatly concerned and pained at the entire incident. It is a clear indication of malfunctioning in the company and practice of kickbacks being taken by the officers at various levels from suppliers.

In the circumstances of the case, I request you to kindly immediately withdraw the letter of intent issued for FBC conversion job, call for an emergency meeting of the Capital Goods Committee, and institute thorough inquiry into the FBC conversion contract.

I would suggest that Mr. D. Subba Rao, nominee Director and Sri Kamalakar, nominee of ICICI, should form an inquiry committee to investigate the entire affair and suggest remedial measures.

I shall be grateful for your immediate response and action.

With regards,

Yours Sincerely,  
(P.C. Parakh)

Sri L.N. Bangur  
Chairman  
A.P. Paper Mills Limited  
7, St. George Gate Road  
Hastings, Calcutta 700 002

## **Annexure 10-I**

**CONFIDENTIAL**

### **GOVERNMENT OF ANDHRA PRADESH PUBLIC ENTERPRISES DEPARTMENT**

C.NO.45/PSP/PE/2001

Date : 19-5-2001

Based on the course of discussions at the last few meetings of the cabinet Sub Committee on P.E Reforms, I feel that I do not enjoy full confidence and support from the group of Ministers who are involved in the process of privatisation of Nizam Sugars Ltd.

2. Privatization of SLPEs is a very difficult and sensitive program and can not be implemented by Head of public Enterprises Dept. alone without total support and cooperation from all those who are involved in the process. I feel that I have not been able to effectively communicate and convince the group of Ministers that the approach being suggested by the implementation Secretariat is the best approach in the circumstances.

3. In the absence of total understanding between the implementation Secretariat, Group of Ministers, and the Chief Executives of the companies concerned, the privatisation programme may not proceed as desired and may have serious financial and political implications for the Government.

4. I would, therefore, suggest that Government may consider appointing another suitable officer to head public Enterprises Department who enjoys confidence of the Cabinet Sub Committee and group of Ministers, and who will be able to steer the program successfully.

5. In order to enable the Government to take a decision, I propose to proceed on two months earned leave with effect from 28th May, 2001.

Prt. Secretary  
P.E Dept.

Chief Secretary

Copy to Sri S.V Prasad, IAS, Prl. Secretary to Chief Minister with a request to fix an appointment with the Chief Minister so that I can explain my position to him.

## **Annexure 10-II**

Extracts from the report of the House Committee of the Andhra Pradesh Legislature that enquired Into the Irregularities by the Private Management of Nizam Sugars Limited, 31st of August 2006.

### **Page 57**

“The Committee express appreciation of the above comments of Mr. Parakh, which highlighted the potential loss to the government in case of acceptant of the GEL proposal. Extent of this loss is Rs. 308 crore.”

### **Page 68**

“34(a) The Committee has earlier referred to the views expressed by Sri P.C. Parakh, I.A.S. Former Principal Secretary of Public Enterprises Department, who was also in charge of IS in early 2001. In our view, he showed commendable perception of the consequences and implications underlying the acceptance of the unsolicited proposal of GELCON. In this connection he presented his views on the unsolicited proposal to the CSC in the meeting held on 1-05-2001 with absolute clarity to impress upon the CSC how it is undesirable for the government to accept the GEL proposal.”

### **Page 72**

The CSC decides in 7 meetings for re-advertisement of the 4 units after rejection of GEL proposals. But every time, one minister or the other interfered and prevented the advertisement under pressure from GELCON. In this connection the ministers named below played adubious role.

1. \*\*\*\*\*
2. \*\*\*\*\*
3. \*\*\*\*\*

### **Page 73**

It is clear that the CSC was fully aware that in case of approval of the unsolicited proposal, the government would sustain loss of more than Rs. 305 crore as explained by Sri P.C. Parakh. Against this background the unsolicited proposal was approved on 22-09-2001 only to favour GEL out of the way and against rules.

## **Annexure 14-I**

**Secret**

Ministry of Coal  
O/o Secretary (Coal)

.....

The following issues were discussed with the Hon'ble Prime Minister this afternoon.

1. Appointment of Sri Shashi Kumar as CMD, CIL.
2. Permission to be accorded to CBI to register a case against Sri M.K. Thaper, CMD, SECL.
3. E-auction of Coal.
4. Cabinet Note for introduction of open bidding system for allotment of Captive Coal Blocks.

A brief note on the issues is enclosed.

Encl: as above

(P.C. Parakh)  
Secretary (Coal)  
17.1.05

4. **Cabinet Notes for introduction of open bidding system for allotment of Captive Coal Blocks.**

After approval of PM as Minister-in -Charge on introduction of open bidding system for allotment of captive coal block, Cabinet Notes for Allotment of Coal Blocks for captive mining based on open bidding system was submitted to MOS(C&M)Minister (Coal) on 23.12.04. The return of the file with the approval of Cabinet Note is awaited. In order to introduce the system at the earliest, it is necessary to bring necessary Legislative amendment in the Budget Session of the Parliament, after approval of the policy by the Cabinet.

## **Annexure 17-1**

**Confidential**

### **OFFICE OF MINISTER OF STATE FOR COAL**

Sub : Appointment of regular CMD of coal India Ltd.

The file on the subject was placed before me and with my observation dated 25th January, 2005, the file was sent to Minister of Coal. Minister of Coal concurred with my views and referred the same to secretary (Coal)

2. It is recalled that PESB recommended a panel of two officers for the post of CMD, CIL viz :
- i) Shri Shashi Kumar
  - ii) Shri V.K Singh

For the reasons elaborated in the said file the proposal for appointment of Shri Shashi Kumar was not found acceptable.

3. Shri V.K Singh, No.II in the panel recommended by PESB was not considered / deliberated. It was expected that the file will be resubmitted to Minister of coal for his consideration for appointment of the second candidate. Instead, it has been understood that Secretary referred the matter to DOPT for obtaining the clearance of ACC on the issue. It is strange that an incomplete proposal has been referred to the ACC.

4. Secretary (Coal) may explain this deviation from procedure and put up the proposal for appointment of regular CMD of CIL to Minister of Coal.

5. This has the confirmation of Minister of Coal.

Secretary (Coal)



With reference to above note of MOS (C&M), kind attention is invited to the following Rules of the Government of India (Transactions of Business) Rules, 1961 :-

**Rule.3- Disposal of Business by Ministers :-**

Subject to the provisions of these rules in regard to consultation with other departments and submission of case to the Prime Minister, the Cabinet and its Committees and the President, all business allotted to a department under the Government of India (Allocation of Business) Rules, 1961, shall be disposed by, or under the general or special directions of the Minister-in-charge.

**Rule.6 - Committees of the Cabinet :-**

There shall be standing Committees of the Cabinet as set out in the First Schedule to these Rules with the functions specified therein. The Prime Minister may from time to time amend the Schedule by adding to or reducing the numbers of such Committees or modifying the functions assigned to them.

**Rule.11 - Responsibility of Departmental Secretaries**

In each department, the Secretary (Which term includes the Special Secretary or Additional or Joint Secretary in independent Charge) shall be the administrative head thereof, and shall be responsible for the proper transaction of business and the careful observance of these rules in the department.

**Item (ii) and (iv) of the First Schedule : Cabinet Committee on Appointments**

- (i) To take decision in respect of appointments specified in Annexure 1 to this Schedule .
- (iv) To decide all cases of disagreements relating to appointments to board-level positions in public sector enterprises between the Department or Ministry concerned and the public Enterprises Selection Board .

**(Annexure to First Schedule in relation to the other Departments (Which includes Coal Ministry )**

Appointment whether salaried or not of

- (i) Chairman and other members of the Board of Management (including the Managing Director and the Financial Adviser, if

the Financial Adviser is a Member of the Board of Management) of any State-owned public corporation, company or enterprise, except where such appointment is made ex-officio by Government.

2. It may be seen from the above rules that a decision on acceptance or rejection of the recommendations of PESB on appointment of CMD / CIL has to be made by the Appointments Committee of the Cabinet and not by the Minister -in-charge of the Department .

3. In this connection, kind attention is also invited to the clarification issued by the Department of personal and Training vide D.O No. 27 (16) EO / 86 (ACC) - part dated 13th October, 1987 about the role of Minister in-charge of department vis-a-vis Appointments Committee of the Cabinet. It has been clarified in the para 8 of the D.O letter that the recommendations of the PESB in respect of appointments to posts of public Sector Enterprises specified in the Annexure to the first Schedule to the Government of India (Transaction of Business) Rules, 1961, will have to be necessarily be referred to the Appointments Committee of the Cabinet by the Minister concerned after setting out his views there on.

4. Since Minister-incharge did not agree with the recommendation of PESB, in respect of Shri Shasi Kumar, full facts of the case including all the notings of the MOS (C&M) and Minister (Coal) have been submitted for the consideration of Appointments Committee of the Cabinet.

5. It is submitted that the responsibility for ensuring proper Transaction of Business and careful observance of the Transaction of Business Rules lies with the Secretary of the Department and in fulfilment of that responsibility, full facts of the case along with the views of the Ministers have been submitted for the consideration of Appointments Committee of the Cabinet.

6. In view of the fact stated above, there is no deviation from the procedure prescribed in the Transaction of Business Rules of the Government of India in submission of proposals for appointment of CMD, CIL and hence no explanation from the secretary is warranted.

7. As regards consideration of the case of Shri V.K Singh, entire information about Shri V.K Singh the second name in the Panel including his vigilance clearance had been submitted as a part of the notings of the Department. Had the Minister decided to recommend name of Shri V.K Singh in preference to that of Shri Shasi Kumar, same could have been incorporated in the reference made to ACC. There was nothing more to be added in respect of Shri V.K Singh which needed resubmission of file to the Minister (Coal).

Submitted for favour of information.

(P.C. Parakh)  
Secretary (Coal)  
23.02.05

MOS(C &M)  
Minister (Coal)

## **Annexure 18-1**

**BCCL**



भारत काकिंग कोल लिमिटेड  
Bharat Coking Coal Limited  
(A subsidiary of Coal India Ltd.)  
Koyla Bhaban / Koyla Nagar  
Dhanbad, PIN- 826005

Ref. No. CMD:ES : F -19.04.604

### **Strictly Confidential**

The Secretary  
Ministry of Coal,  
Government of India,  
Shastri Bhawan,  
New Delhi

Sub : Impediments in functioning of BCCL imposed by Sri Chandra  
Sekhar Dubey, Hon'ble Member of Parliament, Dhanbad

Dear Sir,

As highlighted through various communications in the past, all efforts to enhance coal production through use of hired HEMM in isolated patches made by BCCL is systematically resisted by Sri Chandra Sekhar Dubey, Hon'able MP of Dhanbad. Copies of the relevant news paper cuttings are enclosed at Annexure-I.

2. Use of hired HEMM for extraction of coal and OB from isolated patches is one of the key thrust areas identified and recommended for implementation in the Revival plan of the company with full support of all Trade unions. Adequate safeguard has been built in on the lines of the advise received from Solicitor General of India in an earlier similar case pertaining to Singareni Collieries Company Limited to ensure that no violation of Contract Labour (Regulation and Abolition) Act is involved. It is needless to state that BCCL is saddled with old equipment in its existing mines and is, therefore, not in a position to re-deploy any equipment

for extraction of coal from such isolated patches including the coal on fire below the Dhanbad - Patherdih Railway line, otherwise prone to illegal mining. Implementation of the proposals contained in the Revival plan would have enhanced the production of BCCL by at least 2 m. tones- mostly coking coal- which would have enabled BCCL to mobilise around Rs. 200 crores annually. Contracts for this purpose have been awarded through a system of open tendering after due approval of the Board of Directors in all cases.

3. The Hon'able MP, however, has been resisting the implementation of these contracts not by any legal means but by sheer show of force and by threatening and intimidating the concerned contractors. The complaints of the contractors in this regard have been sent earlier, as may be seen from the Annexure-II.

4. However, the Hon'ble MP in his communication dated 27.09.2004 to the Hon'ble Prime Minister of India objected to the use of hired machines for contractual removal of overburden coal cutting, transporting work etc. A detailed reply to the said letter was sent, vide my letter No. CMD:ES:F-2(A) : 04:550 dated 29/30th October, 2004-copy placed at Annexure-III.

5. In another instance, bonafide effort made by the Management to identify the unauthorised occupants of houses in the hull Township was frustrated by the Hon'ble MP when he decided to join hands with the agitators against a census being carried out for this purpose. The relevant newspaper cutting and the covering letter under which the same was sent to your kind self is enclosed at Annexure-IV.

6. In retrospect it may be seen that the Hon'ble MP has systematically frustrated all positive efforts made by the Management to increase coal production and the steps taken for getting back large number of company houses occupied by persons in an unauthorized manner. Besides, the hon'ble MP, within a few

days of his being elected to the parliament, held a press conference at Dhanbad in which he accused the CMD of BCCL being a “MAFIADON”. This was communicated, vide my letter No. CMD-ES:F-2(A) : 04 :330 dated 14.06.2004 along with the relevant press cutting (copy enclosed as Annexure- V). Subsequently the Hon’ble MP. on a number of occasions, have accused the undersigned publicity of being” AGENT OF RSS”, AGENT OF BJP” etc.

7. I have not been able to comprehend the reasons for such behaviour on the part of the Hon’ble MP except for the fact that immediately on being elected he had asked for a D type quarter in the BCCL Township which I had to politely decline. In one of the closed door meetings, when Director (Technical) planning & projects and Director (personnel). BCCL were accompanying me, the Hon’ble MP stated that he will act personally against me as I have declined him the house which, in his opinion, is due to him by virtue of being the MP of the District. Incidentally the earlier MP, Mrs. Rita Varma, has been occupying a house in BCCL since long time which was occupied by her following the murder of her husband- late Randhir Varma, the then Superintendent of police. Dhanbad. She has since been issued a notice to vacate the accommodation at the earliest.

8. The stand adopted by the Hon’ble MP against allowing use of hired HEMM in BCCL for producing coal and OB from isolated patches and /or carrying out census of its quarters to evict the unauthorized occupants will have the effect of dampening the efforts made by the Company for its Revival. Also without extra production from hired HEAM the company will not be in a position to meet even a part of the additional liability on account of NCWA-VII.

9. Under the circumstances the matter may have to be taken up at the highest possible level for appropriate action.

Encl : As above

Yours Faithfully  
(Partha S Bhattacharya)  
Chairman / Mg. Director

## **Annexure 18 -II**

**CHANDRA SHEKHAR DUBEY**  
Member of Parliament  
(LOKSABHA)  
MEMBER: "Parliamentary Consultative Committee"  
on Coal & Mines



Room No. 24  
Hotel Janpath  
New Delhi  
Ph. - 23348400

Respected Sir,

I am taking an opportunity to highlight a facts which needs special intention and personal intervension for the official position misused by the Coal Secy, Govt of India. If such activities continues or repeated in future then there will a heavy loss to exchaquer for misuse of huge foreign exchange for his vested interest.

Since Shri P.C Parekh a Coal Secretary have been sanctined an official tour to attend Mine Expo-2004 for two different countries but superisignly be had extended his tour for four different countries including Switzerland for his personal transactions. If the senior official from the Govt. of India violates / misuses his official positions and the Govt.guidelines, Rules & Regulations then may not expect from the others to follow the govt. directives.

As your goodself is aware that coal indsustry is an impotant Dept. and back bone of our country for smooth running of the same the country needs a efficient and honest official rather than ignoring the manipulation or misuse of powers by the present Secy. of coal. I understand that there is a heavy manipulation on the following which needs a proper investigations :

1. Shri P.C Parekh was sanctioned a official tour for two different countries to attened MINE EXPO - 2004 but he has extended his tour and visited four more different countries (including Switzerland for up dating his transactions) which has caused heavy loss to the ex-chequer by utilising huge Foreign Exchange.

2. He has also exercised his full powers and manipulated for nominating two Govt. Directors in CMPDI Board though the Govt. sanction was only for One Director.

3. The final approval of ACC for two nominees of Govt. in coal India Board has been reduced to one by Shri Parekh.

4. He was also liaising for sell of the profit making coal India Limited and hold personal meetings with the seeking bidders for number of times.

I shall be grateful if your goodself may immediate enquiry as stated above to curb the malpractices followed by Shri P.C Parekh from any of the independent authority preferably either by C.V.C or by Parliament Committee so that the truth be placed on the record.

With Kind Regards

Yours Faithfully

(CHANDRA SHEKHAR DUBEY)

Dr. Manmohan Singh  
Hon'ble Prime Minister of India,  
New Delhi

Ack being put up separately



## Annexure 18-III



**P.C. PARAKH**  
SECRETARY

भारत सरकार  
कोयला और खान मंत्रालय  
कोयला विभाग  
शास्त्री भवन, नई दिल्ली - 110 001  
Government of India  
Ministry of Coal & Mines  
Department of Coal  
Shastri Bhawan, New Delhi - 110001  
Telephone : 23354884  
23381678

D.O. No. Secy / 11019/04

Dated: 6.12.04

Dear Shri Chaturbedi

Please find enclosed a copy each of the letter addressed by Shri C.S. Dubey, Hon'ble member of Parliament (Lok Sabha) from Dhanbad to the Minister of state for Coal and Mines making serious allegations against me and the office note submitted to the Minister of State for Coal and Mines in respect of these allegations explaining actual facts.

2. I am constrained to point out the allegations made by Mr. Dubey are totally baseless and libellous in nature. He has alleged that I have visited "Switzerland for updating my personal transactions" implying thereby that either I have some bank account in a Swiss bank or I had indulged in some other illegal personal transactions. After taking over as Secretary, Department of Coal, I did not visit Switzerland at any time. It is therefore, not known on what basis Mr. Dubey has made these allegations. Since an Hon'ble Member of Parliament has made serious allegations against a Secretary to the Government of India, the matters needs to be taken up in all its seriousness and should be investigated at the earliest. In case the allegations are found to be false and baseless Mr. Dubey should be made to face all such legal consequences (criminal and civil) that should follow under the Indian Law for making false allegations.

3. It would be of some interest to give a small background of the reasons for Mr. Dubey's ire. Soon after he got elected as a Member of Parliament, Mr. Dubey requested the CMD Bharat Coking Coal (BCCL) Sri P.S. Bhattacharya for allotment of one of the Company's houses to him at Dhanbad. CMD, BCCL sought my informal advice on this and I advised him against it as it will frustrate CMD's efforts for vacation of Company's house which are in the illegal possession of outsiders. Years of mis-management, indifference, influence of mafia and complicity of officers of BCCL has led to hundreds of houses of the Company being occupied by outsiders. Mr. Dubey has been actively supporting the illegal occupants and frustrating the efforts of CMD, BCCL to get these houses vacated by illegal occupants. Keeping in mind the ground realities, allotment of a house to Mr. Dubey which he is not entitled to under Rules, would have strengthened the case of illegal occupants.

4. Incensed by the decision of CMD, BCCL not to allot the house. Mr. Dubey started a smear campaign against Sri Bhattacharya. Copies of some of the press cuttings of local newspapers, wherein Mr. Dubey has made serious allegations against Sri Bhattacharya are enclosed for your perusal. The utterances of Sri Dubey against Sri Bhattacharya are provocative and libelous.

5. At a recent Consultative Committee Meeting of the Ministry of Coal and Mines held on 23.11.04 Mr. Dubey's utterances against me, to say least were offensive and insulting. This was on account of my pursuing outsourcing of coal in BCCL which is indispensable if BCCL has to be brought out of the red.

6. Baseless allegations leveled by Mr. Dubey do not enhance the dignity of either the office of the Member of Parliament or that of the Secretary to the Government of India.

7. The Prime Minister in recent address to the Secretaries to

the Government of India, had emphasised the need for transparency, objectivity and morality in Public Administration and management of Public sector Undertakings. If senior officers of the Government and Executives of the Public Sector Undertakings are blackmailed, insulted, intimidated and maligned, by the elected representatives of people it will have deleterious impact on the morale of the Civil Servants and the Executives of the Public Sector Undertakings.

8. It is requested that the matter may be placed for consideration of Prime Minister and Speaker of Lok Shabha for such action as they deem fit.

Yours sincerely

(P.C. PARAKH)

Shri B.K. Chaturvedi,  
Cabinet Secretary,  
Government of India,  
New Delhi

## Annexure 18-IV



**P.C. PARAKH**  
SECRETARY

भारत सरकार  
कोयला और खान मंत्रालय  
कोयला विभाग  
शास्त्री भवन, नई दिल्ली - 110 001  
Government of India  
Ministry of Coal & Mines  
Department of Coal  
Shastri Bhawan, New Delhi - 110001  
Telephone : 23354884  
Fax : 23381678

**CONFIDENTIAL**

No. 7192/Secy(Coal)

21<sup>st</sup> June, 2005

Dear Shri Chaturbedi

Please find enclosed a copy of letter addressed by Shri V.K. Singh, Chairman-cum-Managing Director, Northern Coalfields Ltd., to Chairman Coal India Ltd. Shri Singh in his letter has referred to certain unreasonable demands made to him by Shri Narendra Kumar Kushwaha, Hon'ble Member of Parliament, Badhohi Mirzapur Constituency of Uttar Pradesh.

2. Non-compliance of these demands seems to have prompted the Hon'ble Member of Parliament to make complain against Shri Singh. This is not a healthy state of affairs and may leads to demoralization of senior executives of PSUs.

3. This is for favour of your information and necessary action as you deem fit.

Best regards

Yours sincerely,

(P.C.PARAKH)

Encl: as above

Shri B.K. Chaturvedi,  
Cabinet Secretary,  
Cabinet Sectt.,  
Rashtrapati Bhawan,  
New Delhi.

**P. SHANKAR**

**Annexure 18-V**



भारत सरकार  
केन्द्रीय सतर्कता आयुक्त

D.O. No. CVC/2005/87/1349

Government of India  
Central Vigilance Commissioner

Central Vigilance  
Commission  
Shastri Bhawan  
GPO Complex, Block - A,  
New Delhi - 110023

July 8, 2005

Dear Sri Parakh,

The Commission has perused your letter and the communication from CMD, NCL. The commission has more than once noted that complaints even from such responsible person as Members of Parliament often knowingly or otherwise become instruments of pressure and harassment of honest officials both in Government and Public Sector. Complaints received in the Commission are always carefully examined with total objectivity irrespective of the stature of the complainant. This cannot always be said when such complaints are processed in the administrative Ministries/ Departments. In the commission's view the solution lies in making the central Vigilance Commission the focal point to deal with all complaints against the officers of the Government and PSUs who come within the purview of the CVC as per the CVC Act, 2003. No independent action should be initiated by any department or Ministry without the complaint having been perused and examined for advice by the Commission. This would create the necessary buffer between honest officials and vested interests and pressure groups.

2. While the commission has been pursuing this seriously at various levels of Government, Secretaries to Government in important Ministries like you need to bring this up during discussions in the committee of Secretaries and see that an

appropriate decision is taken. The point really is that Ministries/ Departments should not exercise independent powers of examination of complaints and initiation of action thereon without reference to the Commission. I hope you will be able to do this in the interest of efficient functioning of PSUs under your control.

With regards.

Yours sincerely,

(P. Shankar)

Shri P.C. Parakh  
Secretary  
Ministry of Coal  
Shastri Bhawan  
New Delhi-110 011

## Annexure 18-VI

**CONFIDENTIAL**



**P.C. PARAKH**  
SECRETARY

भारत सरकार  
कोयला मंत्रालय  
शास्त्री भवन, नई दिल्ली - 110 001  
Government of India  
Ministry of Coal  
Shastri Bhawan, New Delhi-110001  
Telephone: 23384884  
Fax: 23381678

D.O. No.Secy(Coal)/8.8.05

Dated : 08.08.05

Kindly refer to my D.O. letter dated 21<sup>st</sup> June, 2005 regarding motivated complaints against senior executives of Coal companies by the Members of Parliament. I had also brought this matter to the notice of the Central Vigilance Commissioner, for appropriate action.

2. Central Vigilance Commissioner vide his D. O. No. CVC/2005/87/1349 dated 8<sup>th</sup> July, 2005 has advised that the issue may be discussed at a meeting of committee of Secretaries. CVC has suggested that on complaints received against senior executives of PSUs no action should be taken by the Department/Ministry without the complaint having been first examined for advice by the Commission.

3. Suggestion made by the CVC may be only a partial solution to the problem as it may not prevent Members of Parliament from making motivated and false allegations against senior officers of Government or Public Sector Undertakings. There is a need for the government to create appropriate institutional arrangement to ensure that Members of Parliament are not able to misuse their privileged position to blackmail or intimidate senior officers of the Government and senior executives of public sector undertakings.

4. You may like to advise the Department of Personnel to prepare a suitable paper for discussion at COS.

Yours sincerely,  
(P.C. PARAKH)

Shri B.K. Chaturvedi,  
Cabinet Secretary, Cabinet secretariat, New Delhi.

Copy to Shri P. Shankar, CVC, New Delhi (P.C. PARAKH)

## **Annexure 18- VII**

### **Anti Corruption**

(Secret)



**V. VIDYAPATHI**

**DIRECTOR**

Tel . 2901 8485

प्रधान मंत्री कार्यालय  
नई दिल्ली - 110 001

PRIME MINISTER OFFICE

NEW DELHI - 110011

D.O No. 600 (AC) (31/C/28/417) 00-ES.II      2nd Aug 2006

Dear Sir,

Please find enclosed herewith a complaint received in PMO from Shri Furkan Ansari and Shri C.S Dubey, Member of parliament (Lok Sabha) against Shri R.P Ritola, CMD, Eastern Coal Field Ltd. alleging corrupt practices. The discrete inquiry into the allegations is summarized as under .

(i) Shri Ritola, CMD, CCL, has been holding additional charge of CMD, ECL since February, 2005, when the post fell vacant due to the retirement of the then CMD, ECL Shri Abdul Kalam. Earlier, Shri Ritola worked as Director (Project and planning) at ECL H. qtrs and had earned a good reputation there. Enquire in the coal sector reveal that Shri Ritola has the reputation of being a sincere and dedicated person who is liked by his colleagues.

(ii) Shri Furkan Ansari MP had tried to get about 100 muslims of Jamatar area employed in S.P Mines, Deoghar district. However, Shri Ritola did not oblige.

(iii) No work regarding costing of OBR (overburdens) has been undertaken in the Mugma area of ECL and the grading of coal as A, B, C or D is done by the ECL's laboratory. Any alleged malpractices could not be confirmed.

(iv) As regards the allegation of rampant theft of coal taking place in the name of filling up the closed open cast project (OCP) in the Mugma area, enquiries revealed that there are 12 collieries functioning in the area out of which 9 are underground and 3 are



OCP. During 2000, 2 underground mines, Kapsara and Nisa collieries were closed due to safety reasons, however, no OCP has been closed in the area. As the 3 OCPs are currently producing coal, the prospect of filling these OCPs does not arise. On the contrary, the CGM, Mugma area office has sent a proposal to ECL Hqrs to open 4 new OCPs, by converting 2 of the closed underground mines (Nisa and Kapsara) and 2 other loss making underground mines, Hariana and Sajina, into OCPs.

(v) In so far as the allegation of payments being made to contractors in filling up OCPs in Bajna collieries, it is learnt that it is actually an underground colliery project. However, the existence of coal near the soil surface has led to extensive illegal mining from the surface. In order to curb this, the ECL has spent nearly Rs. 4.85 lakh towards payment to contractors for filling up to the exposed area. Further, in order to stop illegal mining altogether, the ECL has drawn up a proposal for converting the loss making Bajna colliery into an open cast project. A proposal to this effect has been sent to CIL for approval.

vi) As regard the SP mines in Chitra Colliery, it is learnt that in February 2005, Shri Ritola transferred the GM and the Agent, who are responsible for the day to day running of the mines and brought in Shri N.K. Singh, GM and Shri B.K Singh, Agent, who are considered to be CMD's men. In the recent past some excess payments are reported to have been made in respect of some civil work. However, the involvement of the CMD could not be substantiated.

I am desired to request that an appropriate reply may be sent to the Hon'ble Members of Parliament from Minister of State for Coal & Mines, and a copy may please be sent to this office.

With Regards

Yours Sincerely

Encl : As above  
Shri P.C Parakh  
Secretary,  
Department of Coal,  
New Delhi

(V. Vidyapathy)

## **Annexure 18-VIII**



### **COAL INDIA LIMITED**

Chairman's Secretariat  
10 Netaji Subhas Road  
Kolkata-700 001

Phone :033-224150/22436679  
Fax : 033-22483373  
E-mail :

CIL :CH:Conf-584

9th November, 2005

### **CONFIDENTIAL**

The Secretary to Govt. of India  
Ministry of Coal  
Shstri Bhawan  
New Delhi

This is regarding transfer and posting of one Shri P.K Saha, SE(Exevn). He has been transfered from BCCL to MCL at the instance of Hon'ble Shri Anant Kumar MP and Chairman, Standing Committee of Parliament for coal & Steel. Shri Saha has already joined at MCL, HQ. In this connection, letter No. CMD, MCL dated 9th November, 2005 of CMD, MCL along with its enclosures (copy enclosed) may kindly be persued which indicate his organizational behaviour for his own benefit since begining.

This morning (09.11.2005) Hon'ble Shri Anant Kumar, Chairman, Standing Committee of Parliament for coal & steel telephoned me and enquired about the case of Shri P.K Saha, Supdt. Engr (Exevn) From what I could recall, I told him that Shri Saha had already been transfered to MCL. Hon'ble Shri Anant Kumar indicated to me that Shri Saha had to be posted at Kolkata Desk Office of MCL and instead of that he has been posted at Sambalpur, H.Q of MCL by CMD, MCL. and on being approached for placement at Kolkata Desk Office of MCL, the CMD, MCL, Shri A. Sharma had talked nastily to Shri Saha and threatened that be would not yield to political pressure and Shri Saha would not be

transferred to Kolkata Desk Office of MCL. In case he i.e CMD, MCL was further pressurized, the consequences would be bad for Shri Saha, political leaders need to understand that such pressures will not work.

Continuing further in the matter, Hon'able Shri Ananta Kumar told me that corrupted officials of CIL and MCL were doing all kinds of nonsensical things and not responding to the legitimate grievance of their officers. Such behaviour from CMD, CIL and CMD, MCL would not be tolerated by him (Hon'ble Shri Ananta Kumar) and his party i.e BJP would see to it that CMD, CIL and CMD, MCL realize their mistake and understand the value of the political leadership. He told that I would regret the day when Shri Saha's request was not acceded to and in the remaining ten months he would teach me a lesson and I would repent my action. While maintaining my calm I requested him that he should come out of his agitated state of mind so that I could understand and appreciate the problem to arrive at a logical conclusion but he did not agree to listen to me. He agreed that he was agitated and indicated that the reasons of his agitation lay in the irresponsible behaviours of CMD, CIL and CMD, MCL. I once again tried to assure him that the matter would be looked into and in case any action was required to be taken the same would be taken. But he said "enough is enough" and now I have to pay for my alleged mis-deemeanour. The conversation took place telephonically while I was busy in holding CMDs meeting. I thereafter requested Shri A. Sharma, CMD, MCL to clarify the matter. Shri Sharma told that Shri Saha had approached him for this transfer to MCL Desk Office, Kolkata and in view of his request Shri Sharma had agreed to such placement for a period of 5 months upto March, 2006. But this was not acceptable to Shri Saha who wanted it for a period of at least 2 years.

In view of the above it may kindly be noted that Shri P.K Saha S.E (Exevn) is in the habit of putting pressure through different persons giving false statements regarding family, which is obvious from the enquiries and remarks of Shri APVN Sharma,

CVO, MOC and Shri RAP Singh, the then Director (Personnel), CIL. A brief case history of Shri P.K Saha, SE(Exevn) is enclosed herewith.

This is for your Kind Information

Yours Faithfully

(Shashi Kumar)  
Chairman

End : as above

## **Annexure 18-IX**

**CONFIDENTIAL**

No. 177788 / SecyO / 2005

OFFICE OF SECRETARY (COAL)  
SHASTRI BHAVAN NEW DELHI

Placed below is a letter received from Chairman, CIL along with enclosures about telephone conversation between him and Shri Ananth Kumar. Hon'ble Member of Parliament and Chairman of the standing Committee of Parliament on the coal and steel.

2. Shri Ananth Kumar has threatened him for not complying with his request to transfer Shri P.K Saha an Excavation Engineert in MCL to Kolkata. Shri Saha is an Excavation Engineer and his services should be normally utilised at mine site. In stead of working in operational areas, Shri Saha has spent long years at Kolkata either by misusing the legal process by getting court orders or by bringing political pressure on the management of CIL.

3. The action of CMD, MCL in having posted Shri Saha at Company's headquarters at Sambalpur after he has worked for several years in Kolkata cannot be found fault with. There is hardly any work for an Excavation Engineer at Kolkata office and there is no justification for retaining him at Kolkata as desired by Shri Ananth Kumar.

4. Intimidating and threatning language used by Shri Ananth Kumar against Chairman, CIL is not expected from a person of his standing who has been a member of the Union Council of Ministers and is currently Chairman of the standing Committee of the Ministries of coal and Steel.

5. Government's efforts at providing good governance cannot succeed unless political leadership creates an environment in which senior civil servants and executives of public sector units can act professionally, independently and impartially in the best interests of their respective organizations. If the position of chief executives of public sector unertakings is undermined by senior political leaders of the country, it can only encourage indiscipline and harm the interest of PSUs

6. Submitted for favoutr of information and such action as P.M, & M(Coal) consider appropiatre and necessary

(P.C. PARAKH)  
Secreatry Coal  
30.11.05

MOS(C&M)

## Annexure 18-X



**P.C. PARAKH**  
SECRETARY

भारत सरकार  
कोयला मंत्रालय  
शास्त्री भवन, नई दिल्ली - 110 001  
Government of India  
Ministry of Coal  
Shastri Bhawan, New Delhi - 110001  
Telephone : 23354884  
23381678

D.O No. Secy (Coal) 08.08.2005

Dt. 08.08.05

Kindly refer to my D.O letter No. Secy. 012019/04 dated 08.12.04 wherein I had requested you to bring to the notice of the speaker of the Lok Sabha certain facts regarding conduct of Members of Parliament vis-s-vis civil servants that can have serious negative effect on the morale of civil services. I am not aware if the Hon'ble Speaker took any action on the concern expressed by me.

Conduct of Shri Dharmendra Pradhan, Hon'ble Member of Parliament from Orissa at the Consultative Committee meeting of the Ministry of Coal held on Friday the 5th of August 2005 leaves me in little doubt that we have descended to such low levels in working of our parliamentary democracy that it is becoming increasingly difficult for the civil servants to function with self respect, dignity and professional integrity.

I feel it impossible to function in such a vicious environment and would like to be immediately relieved of my responsibilities as Secretary (Coal). This letter may be treated as my request for voluntary retirement. Pending approval of my request I am proceeding on earned leave with effect from the 5th August 2005.

Yours Sincerely

(P.C PARAKH)

Shri B.K Chaturvedi  
Cabinet Secretary  
Cabinet Secretariat  
New Delhi

Copy to (1) MOS ( C&M), New Delhi  
(2) Shri T.K.A Nair Principal Secretary to PM.

## Annexure 18- XI



**P.C. PARAKH**  
SECRETARY

भारत सरकार  
कोयला मंत्रालय  
शास्त्री भवन, नई दिल्ली - 110 001  
Government of India  
Ministry of Coal  
Shastri Bhawan, New Delhi - 110001  
Telephone : 23354884  
23381678

D.O No. Secy(Coal) 22.08.05

Dated 22.08.05

Dear Sri Chaturvedi

Kindly refer to my D.O letter No Secy (Coal) 08.08.05 dated 08.08.05 wherein I had applied for voluntary retirement and requested for sanction of earned leave with effect from the 9th August. I had to take this step in view of insulting and derogatory language used by Shri Dharmendra Pradhan, Member of Parliament at the Consultative Committee meeting.

In order to express my anguish and concern that such conduct on the part of Member of Parliament can leave on the morale of civil service and senior executives of public sector corporations, I had sought for and had a meeting with the Hon'ble Prime Minister on the 17th August. The Prime Minister expressed his regret at what transpired at the Consecutive Committee meeting and advised me not to press for the premature retirement.

While confirming his full confidence in me the Prime Minister also offered to address Officers of Coal Ministry and Coal India Limited to reassure them of his confidence and support. This gesture on the part of the Prime Minister will definitely help restore morale of my Officers, which was completely shattered due to unfortunate incident of the 5th August.

I am grateful to the Prime Minister for the confidence and support. In the light of facts stated above, I am withdrawing my request for premature retirement.

I have resumed office with effect from the forenoon of 22.08.05.

Yours Sincerely

Shri B.K Chaturvedi,  
Cabinet Secretary, Cabinet Secretariate  
Copy to : 1. MOS (C & M)

(P.C PARAKH)

2. Shri T.K.A Nair, Principal Secretary to PM
3. Joint Secretary Admn MDC

## **Annexure 18-XII**

**Dharmendra Pradhan**

Member of Parliament  
(Lok Sabha)  
Deogarh

Member :

Standing Committee on Energy  
Petition Committee (Lok Sabha)

D.O. No. MP (LS)/ DGH / 05

August 28, 2005

Respected Sir,

This has reference to the proceedings of the consultative Committee of the parliament of the Ministry of Coal held on 05.08.2005 wherein the subject of Coal India and its global competitiveness was under discussion. I would like to bring to your kind attention certain aspects of the said proceedings, which need to be addressed on an urgent basis.

a) In this presentation of the subject of making Coal India globally competitive, the Chairman of Coal India stated, inter-alia, that the CAG/CVC/CBI and the social objectives of the states are impediments to their functional autonomy. Slide 29 of the said presentation (Copy enclosed) is under reference in this regard. As Hon'ble Prime Minister is aware, the social objective of the state is the cardinal principle of planned economic development, which India has adopted since independence. In fact, the Nehruvian model of democratic socialism which the present government subscribes to is premised upon two basic objectives of growth and social justice. Public Sector Undertakings, which have been set up to fulfil the socialist objective of the constitution, are mandated to subscribe to these fundamental principles. Consideration of the social objectives as an obstacle to their functional autonomy by Coal India is something which questions the very basics of our developmental model, and is, therefore, sacrilegious. This is a serious matter, which arouses our sensitivity and sharp reaction. It is unbecoming of Coal India to make such a statement before the Committee and it is



unfortunate that the concerned department of the Government allowed this presentation to be made, which is derogatory to the basic values and principles of our constitutional system. Further, CAG is a constitutional authority who is mandated to play its role as a guardian of the public purse. Therefore, CAG is having jurisdiction over Government Department/ Ministries and other Bodies like PSUs. To consider the CAG's and the CVC's jurisdiction as obstacle to Coal India's autonomy is to question the role and status of the constitutional authorities. Such irresponsible statements made by the department and its PSU i.e Coal India before a Parliamentary Committee, Hon'ble PM will agree have grave implications for the state apparatus as well as for the time honoured public policies.

b) Further, during the proceedings of the Consultative Committee, Secretary, Coal made certain statements in regard to the Action Taken Report on the previous proceedings, which are contradicted by the facts. One such statement was that in Mahanadi Coalfields Limited (MCL), R & R policy of the Govt. of Orissa is being implemented. Such a statement is far from truth and is misleading and amounts to misinformation to the Committee which is an august body of Parliament. The fact of the matter is that while the R & R policy of Govt. of Orissa is to provide employment to the land oustees for their rehabilitation, MCL has not provided any job in the last eight months to the land oustees and the claimants are more than 10,000. On the other hand, MCL, in their latest tender notice (copy enclosed) for three newly sanctioned projects, has indicated outsourcing of man power and machines. In the light of these facts, the undersigned as the member of Committee contradicted the statement of the Secretary, Department of Coal and pointed out that the statement amounted to misinformation. The Secretary's grievances that he was offended and humiliated should not make us miss-out the substance of the matter, which is presentation of misinformation before the committee and attempt to mislead the members. Hon'ble prime minister may kindly appreciate that such an act of the part of no less a person than the

Secretary to the Deptt. of Coal amounts to breach of privilege of the committee and its members. In this regard it is pertinent to mention that in a Parliamentary system like ours, the ultimate responsibility to the people on any issue lies with the Members of Parliament, who are representatives of the people. The administrative authority must discharge their desired role of assisting the political executive in fulfilment of its responsibility to the people. Further, the parliamentary system is based upon the principle of responsibility of executive to the legislature. In this case the Administrative Head of the department i.e the Secretary, who is the part of the executive organ of the government, provides misleading information to the Parliamentary Committee which is a body of legislature. Such act will certainly erode the fundamentals of the parliamentary system and executive responsibility to legislature.

These are issues of deep concern having a bearing upon the well established practices of Parliamentary system and the constitutional arrangement made for the purpose. Therefore, with all humility at my command, I appeal before the Hon'ble Prime Minister to address the real substance of the matter, which is the central issue, rather than personal issues raised by the Secretary, Department of Coal, which are peripheral in nature.

With regards

Yours Sincerely

(Dharmendra Pradhan)

Dr. Manmohan Singh  
Hon'ble Prime minister  
Govt of India, New Delhi.

## **Annexure 18-XIII**

No. 54012/4/2005-CA-II  
Ministry of Coal  
Government of India

New Delhi, The 21st October, 2005

### **OFFICE MEMORANDUM**

**Sub : Reference from PMO forwarding a copy of the letter dated 28/08/05 written by Shri Dharmendra Pradhan, MP regarding the proceedings of the consultative Committee meeting held on 05.08.2005.**

The undersigned is directed to refer to PMO endorsement No. 200/31/C/83/2005-CS1 dated 09.08.2005 on the above subject and to state that the meeting of the Consultative Committee of the Ministry of Coal was held on 05.08.2005 with the agenda "Making Coal India Globally Competitive". The minutes of the meeting have not yet been circulated. However, the position is clarified as follows :

1. **Presentation by Chairman, CIL**
  - i) During the course of the meeting, the Chairman of the Committee invited the Chairman, CIL to make a presentation to the Committee, as a prelude to initiating discussion and inviting suggestions from the members of the Committee on the subject matter chosen for agenda.
  - ii) The chairman, CIL made a detailed presentation wherein he carried out a comprehensive analysis of emergence of CIL as a leader in coal industry, industry environment in the country, growth in coal production, technology adoption, cost of production, comparative study of performance of Indian Coal Industry vis-a-vis international

trends, challenges and opportunities posed by international competition, major strength and constraints in becoming globally competitive, efforts needed to be made by CIL, changes required in policy regimes and administrative framework etc.

- iii) The presentation was in the nature of a SWOT analysis, wherein the chief executive of a public sector enterprise had sought to present, in a candid and transparent manner, the global business environment where its likely competitors seem to enjoy strategic advantages in terms of managerial practices. The Chairman, CIL, dwelt at length on several other issues such as capacity building, capacity utilization, quality improvement, efficient, utilization of manpower and resources, likely scenario and steps required to be taken to effectively implement the mandate given to Coal India Limited in order to promote the energy security of the country. The thrust of the presentation was on securing qualitative improvement in the functioning of CIL.
- iv) While discussing the major constraints before CIL, the Chairman, CIL had sought to underline various factors such as legacy of the past, poor quality of indigenous equipments/ spare parts, low utilization of HEMM, Socio-Economic and Socio-Cultural factors, administrative and policy related issues etc, that might prove to be a handicap for the company in facing global competition. It was in that context that the Chairman, CIL pointed out that being a public sector enterprise (PSE), CIL was subject to the superintendence, regulation and control of various constitutional and statutory authorities such as C&AG, CVC, CBI etc. This mandates adoptions of practices and procedure that impose some limitation on the decision making processes. A PSE is also expected to subserve the Socio-Economic policy objectives of the Government, and

to that extent, their decision are not always guided or governed by purely commercial considerations. These remarks were meant to present an analysis of the strategic business environment in the public sector, which is not unique to CIL alone.

- v) The Chairman, CIL had categorically clarified in the meeting itself that CIL was not seeking to exempt itself from the existing system of administrative or legislative scrutiny. He was only trying to make a realistic assessment of its strength and constraints, so that limitation in CIL becoming globally competitive are clearly understood by the Members of Parliament.
- vi) It may be mentioned that various committees set up by the Government, including the recent Sengupta Committee, have recommended grant of greater functional autonomy to PSEs in the context of the changed liberalized economic environment, and the Central Government has taken many initiative recently in this regard. There was nothing in the presentation of Chairman, CIL which can be called derogatory to the basic principle of our constitutional system or sacrilegious. The Consultative Committee of Parliament is meant for a free and frank discussion and Chairman, CIL has full right to express his views and need not be constrained by the views of the Secretary or the Minister. There is, therefore, no reason as to why either Secretary or MOS (C&M) should have restrained Chairman, CIL from expressing his views candidly.

## **2. R&R Policy**

- i) The Hon'ble Member (Shri D. Pradhan), during his intervention, stated that the Secretary (Coal) had made public statements on R&R Policy of CIL during his recent visit to Orissa, after his meetings with the Chief Minister

and the Chief Secretary of the state. The Chairman, Consultative Committee had asked Secretary (Coal) to clarify the position.

- ii) Secretary (Coal) stated that during his discussion with the Chief Minister as well as the Chief Secretary of Orissa, he had highlighted the policy approach followed by CIL in regards to resettlement and rehabilitation. CIL has an R&R Policy that provides for employment to land oustees subject to availability of vacancies, and actual need for additional manpower. In case employment can not be given, cash compensation is given in lieu of employment. He stated that in a large number of projects, lands were acquired and employment provided by the Coal companies in contravention of the provisions of the R&R policy, CCL, BCCL and ECL, in particular, continue to provide employment even though they already had surplus manpower. Adequate monetary compensation is given for land as well as rehabilitation of land losers. Over and above that if employment is to be given to people who can not be gainfully employed by the coal companies, it would be impossible for CIL to become globally competitive. The coal companies would, however, continue to provide employment to the land oustees to the extent feasible and permitted under the provisions of the R & R policy of CIL. The Secretary (Coal) informed that his contention was appreciated by the Chief Minister and the Chief Secretary of Orissa. They also mentioned that they were reviewing the state R & R policy.
- iii) There was no misinformation in the statement of Secretary (Coal). He clearly stated what was discussed by him with the Chief Secretary and the Chief Minister of Orissa. There was nothing in the statement of the Secretary that can be termed 'misinformation' or 'misleading'.

- iv) If the Hon'ble Member felt that statement of Secretary (Coal) amounted to breaches of 'privilege of the Committee', he had full right to take up the matter with the Privilege, Committee of the House. But, he had no right to use insulting language against the Secretary. We are democracy and every citizen, which includes civil servants of all ranks, have a right to live with dignity and self respect. Our constitution does not give any right to Members of Parliament to insult its citizens or use derogatory language against them. Infact, the Hon'ble Member is guilty of breach or privilege of the house, by conducting himself in a manner unbecoming of a Member of the August House. Members of Parliament occupy very important position in our constitutional democracy and are expected to conduct themselves with dignity and decorum expected of such high offices. The Government and the Speaker of Loksabha should take note of this so that such unfortunate incidents do not happen in future.
- v) It is unfortunate that the Hon'ble Member does not place any value on self respect and dignity of fellow citizens. Instead of expressing regret for the unbecoming conduct, he is trying to justify his conduct on totally untenable grounds.

This has the approval of the Secretary (Coal)

Rakesh Sharma

Under Secretary to the Government of India

To  
The Prime Minister Office  
(Kind attention Shri KV Pratap, Deputy Secretary)  
South Block, New Delhi

**Annexure 19-I**  
**PERSONAL & CONFIDENTIAL**



शिबू सोरेन  
SHIBU SOREN

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**MINISTER OF COAL**  
GOVERNMENT OF INDIA  
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7<sup>TH</sup> February, 2005

*Hon'ble Prime Minister Sri Manmohan Singh*

My Secretary (Coal) has a style of functioning that has no blend of procedure harmony and respect for political leadership. To his convinces, he flounders rules of business executive working with the intension of by-passing the Ministers. His recent conduct represents procedural failure and gross insubordination. He presumes that I am simple and gullible tribal and therefore, he can behave in such an irresponsible manner.

I recount some instances below to further substantiate the point, mentioned by me :

- i) When I first took the charge of Coal and Mines Ministry in May 2004, I had sent a note to the Secretary of Coal to provide me with inputs to formulate new coal policy. While doing so, I had clearly mentioned that this should be submitted on time bound basis as I would want this to be announced by the Hon'ble Prime Minister as a part of his address to the nation from Red Fort on 15<sup>th</sup> August 2004, The Secretary (Coal) failed to even attempt this.
- ii) At the same time, I sent another note to the Secretary asking him necessary information to deal with coal mafia. The Secretary did not give me required information nor he could explain to me delay in submitting the same. As a matter of fact, required information are not furnished to me till now which is a deliberate attempt to hide information from a Cabinet Minister. You will please agree with me that this is





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a serious lapse on the part of the Secretary being an absolute act of disobedience.

- iii) In May 2004 immediately on taking over the Ministry, I discussed the issue of appointing regular CMD of Coal India Limited with Secretary. NDA Government had suspended N. K. Sharma, the CMD of CIL overnight. I had called this file to know the details. Before I could form any opinion, one day the file of dismissal of N. K. Sharma was put up to me and my signature were taken telling me all kind of urgency. Incidentally, immediately I received a letter from an Hon'ble M.P. complaining about conspired dismissal of N. K. Sharma. This letter was forwarded to the Secretary asking his explanation. You will be surprised to note that this letter was suppressed and once again the Secretary indulged into act of insubordination. The file of N. K. Sharma is now resubmitted to me. The conspired approach of the Secretary speaks volumes of his strategy to install NDA and coal lobby sponsored Shashi Kumar as the C.M.D. of Coal India Limited. The sequence of events of last nine months does represent this.
- iv) The Secretary, for the reasons best known to him, did not start the process of appointing a regular C.M.D. of CIL during my last stay as the Cabinet Minister. He initiated the process after my leaving the Ministry. The process, that started by the Secretary had only one objective and that was to appoint Shashi Kumar as the regular C.M.D. of CIL, over looking and relaxing many norms. I had been reading about this in regular newspapers. The rumor was that the Secretary wants to have Shashi Kumar as the regular C.M.D. of CIL, before



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my taking the oath of Minister for the second time. The pressure was also exerted on the Hon'ble Minister of State (Coal & Mines)

- v) As soon as I took the oath in December 2004 as the Cabinet Minister of Coal, in respect of the proposal for appointment of regular CMD of the Coal India Ltd, I have come to notice certain glaring inadequacies in the way of the Secretary has handled the issue. While putting up the proposal for the approval of the Minister of Coal, he has disregarded the first recommendation of the CVC which required the Department to look into the issue of certain Directors of the Board of CIL being guilty of non-application of mind in the matter of unauthorised procurement of explosive worth about Rs. 300 crores. (The then CMD is under suspension and facing major disciplinary proceedings for the same).
- vi) When the same was pointed out, the file was resubmitted without the necessary enquiry reports, records and views of the Department in the matter. All that was said was that the CVC has subsequently withdrawn their reference and hence the proposal may be approved. It was expected of the Secretary to have provided all the necessary records and documents when the substantial issue was raised regarding the role of a Director who was recommended for appointment as a regular CMD of CIL. I find this as a serious intentional lapse, which is unacceptable, as the same is not expected of the Secretary.
- vii) When the Department's proposal for appointment of the first candidate on the panel recommended by the PESB for



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appointment of CMD of CIL was rejected by me, I expected the Secretary to again put up the file to me for appointing the second candidate in the panel for the said post. However, without my knowledge, the Secretary (Coal), has decided, on his own, to send the file to ACC. This is absolute failure on the part of the Secretary to follow the procedure and business rules. This shows that the Secretary does not bother about the only Adivasi Minister in the Cabinet. He considers himself to be the superior to the Cabinet Minister and Minister of State (Coal). The attitude of the Secretary on this issue represents his obsession to appoint Shashi Kumar as the CMD of CIL for the reasons best known to him.

- viii) Malafide intension and motive of the Secretary to pave way for the appointment of Shashi Kumar are obvious.
- ix) There was lots of discussion about the motives of the Secretary in the coal trade. Immediately on my taking over as the Minister of Coal, the MPs requested me to investigate I received written complaints from them too.
- x) The department has not demonstrated the desired sense of urgency in allocating long term linkage that are vital for various projects to take off. The standing linkage committee which does this jobs did not meet for more than one year and a half. When such meeting was finally held, it was without the necessary preparatory work resulting in no substantial outcome. At the time, when the coal availability is so critical this only represents lack of understanding of external environment which has complete dependence on distribution of coal.



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GOVERNMENT OF INDIA  
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- xi) With regard to the mechanism of allocating captive coal blocks, while the entire range of industry, including their administrative Ministries, was opposed to captive bidding for various reasons, the Secretary (Coal) preferred to mislead as if the industry was in favour of it.
- xii) I have noticed a certain tendency of inaction in the name of proposed policy changes. While new policy initiatives meant for positive gains are welcome, presenting it as an alibi to defer decision is difficult to appreciate. Critical sectors of the economy like power, iron, steel and cement are so dependent on coal that delay in its availability will have adverse consequences on economic growth. These sectors were made to feel the pinch for a considerable period of time on account of inaction by the department.
- xiii) As a Minister of coal my priorities are new coal policy, employment in coal rich areas like Jharkhand and rehabilitation etc. But, the Secretary (coal) has priority focused on only e-auction. The Hon'able Prime Minister as Minister of coal has approved only a pilot project for e-auction of coal in BCCL with specific reference to only 1.06 lakhs tones of coal. Only one trial e-auction has been conducted so far. The Secretary (Coal) has, however, permitted BCCL to put the entire non-core sector coal and the entire production of North Eastern Coal Field to be supplied through e-auction without my approval. He has done so despite my saying that this proposal needs to be properly addressed after adequate feedback from sufficient trial auction in order to achieve objective of coal distribution rather encouraging indirect monopoly in coal trade and lose control on its and user pricing.



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- xiv) The worse is that even as cabinet ministers are prevented from going public on policy matters before they are duly decided by the Government, Secretary (Coal) and, at his behest, some CMDs have announced that e-auction would soon be implemented all over Coal India Limited. This is nothing but pressuring the Government into accepting something which is not considered in details. In the end, if a contrary view is to be taken based on result of e-auction trials, the Minister and Government would be seen as anti reform. I am already concerned by the feed back in respect of e-auction.
- xv) Effective functioning of PSUs is one of the main concern of the Hon'ble Prime Minister. The administrative departments are expected to discharge their role effectively in the monitoring of the performance of Board level functionaries within the existing parameter. It has come to my notice that the department of coal has taken a long period of 1-2 years in processing the proposal for regularization of appointment of board level functionaries. As a consequence, some of them would have continued without due regularization and may have even retired so. A file was put up to the Minister for regularizing the appointment of ten board level functionaries without the much desired Special Performance Appraisal Report. The Secretary (Coal) was asked to resubmit the said file, duly completing SPARs, the same was not done for about 3 months now.
- xvi) Lack of consistency is another area of concern. With the due approval of Hon'ble Prime Minister as Minister of Coal, a series of Screening Committee meetings under the



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Chairmanship of Secretary (Coal) are being held for allocation of captive Coal blocks to various sectors of the industry. Before the first meeting, the Secretary (Coal) should have recommended and got approved the parameters of such allocation. It has been brought to my notice that half way though he is preferring to change the quantum and period of allocation which is being resented by the industry. This kind of approach may not reflect positivity on the style of functioning of the Government.

- xvii) Allocation of captive coal blocks and long term and short term coal linkages are one of the core areas of the functioning of the Department of Coal. Surprisingly, Minister of coal was being kept out of the loop in this regard for the reasons best known to Secretary (coal). In respect of these two issues, representatives of industry and Hon'ble Members of Parliament keep representing substantial issues concerning the methodology, criteria, priorities etc. to the Minister of Coal. To be kept abreast of all these matters, I had desired to be associated with the same by putting up the minutes of the Committee meeting to me. The Secretary (Coal) has only reluctantly agreed to it demonstrating his lack of faith in the political leadership that is supposed to be pivotal in the Cabinet System of Governance. The Secretary (Coal), I conclude, does consider me as an untouchable and brainless in the context of providing of information to his Cabinet Minister.
- xviii) The Department has proposed creation of a special fund for parking the stowing excise duty receipts for the purpose of carrying out statutory functions relating to safety in the mines,



शिबू सोरेन  
SHIBU SOREN

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भारत सरकार  
नई दिल्ली - 110 001  
**MINISTER OF COAL**  
GOVERNMENT OF INDIA  
NEW DELHI-110001

development of infrastructure etc. This is a major initiative and the Secretary has gone ahead with the same without my knowledge and approval. As I am fully aware of this problems related to coal areas, I had asked the Secretary (coal) to work on development of infrastructure and rehabilitation process under Coal Area Development Body and submit blue print so that the same could have been discussed with you. The idea was to get appropriate approval and you could have announced the same during year 2004 speech on the 15<sup>th</sup> August from Red Fort. Once again, Secretary (Coal) failed in carrying out instructions.

- xix) Secretary (Coal) has recently been on a foreign visit with deviation in the tour programme approved by the Hon'ble Prime Minister in the capacity of Minister of Coal. The revised tour programme was to be submitted for approval of the competent authority. He has not done so, for a considerable period of time, setting a bad example. The concerned section has noted in the file that the Secretary's office has not given the revised tour programme despite reminders.
- xx) In the meantime, there were complaints of the Secretary (Coal) visiting Switzerland without due approval. Had he submitted the tour programme within the time, the controversy could have been avoided.
- xxi) To cap it up, the Secretary (Coal) does not seem to be having due regard to the political leadership. It has been reported to me by reliable sources that he has been making uncharitable comments about me amounting to questioning the wisdom of the Hon'ble Prime Minister in my appointment as Minister



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NEW DELHI-110001

of Coal.

In view of the above, I have to reluctantly take a view that it may not be appropriate to continue any further with the present Secretary (Coal) I, hence request the Hon'ble Prime Minister to kindly consider to substitute the present incumbent with a suitable alternative.

The Secretary (Coal) is an appointee of Chandra Babu Naidu, during NDA Government. I normally overlook political leaning of the officers working in the Ministry. But, I feel that even a Secretary can work to create a rift in UPA. I do not feel that the Secretaries working in the Centre do not care about Adivasi Ministers. Please understand my feelings and change the present Secretary (Coal) immediately. As also, please take administrative action against him for insubordination and failure to follow business rules intentionally.

With regards.

Yours sincerely

S/d  
(Shibu Soren)

Dr. Manmohan Singh  
Hon'ble Prime Minister of India,  
7, Race Course Road,  
New Delhi



## Annexure 19-II



**P.C. PARAKH**  
SECRETARY

भारत सरकार  
कोयला मंत्रालय  
शास्त्री भवन, नई दिल्ली - 110 001  
Government of India  
Ministry of Coal  
Shastri Bhawan, New Delhi - 110001  
Telephone : 23354884  
23381678

**Confidential**

No. 2E/S/Secy (Coal)

Dt. 22nd March, 2005

Dear Shri Chaturvedi,

Kindly refer to your D.O letter No. 10/7/2005-CS(A) dated 12/02/05. As desired my comments on the note are enclosed.

There is no gainsaying that I have had difference of opinion with both Minister of State and Cabinet Minister on several issues of policy and administration, I have found nothing of substance in the note for which I can be faulted. I have explained my position on each of the issues raised by the Minister.

In my understanding I have performed my duties in the manner that is expected of a member of Civil Service. As Secretary to the Government, I am deeply conscious of the fact that I cannot effectively discharge my responsibilities without full political support from my Ministers. However, I am at less to understand as to what could be done.

With regards.

Yours Sincerely

Encl : as above  
Shri B.K Chaturvedi  
Cabinet Secretary  
Cabinet Secretariat  
New Delhi

(P.C PARAKH)

**Comments on the note enclosed with the D.O letter No- 10/7/2005- CS(A) dated - 12th Feb, 2005 from Cabinet Secretary**

Before giving my comments on each para of the note, I would like to make brief comments on the introductory para which states “Secretary (Coal) has a style of functioning that he has no respect for political leadership by passing the Minister as in following instances”.

Entire five page note, does not refer to a single instance where I have by-passed the Ministers or not implemented any written orders issued by them. I have always been polite and courteous in my written and oral communications with the Ministers and complied with all written orders even when I had serious difference of opinion.

However, if respect for political leadership implies complying with oral orders or recording notings that suits Minister’s interest, as against public interest, I am perhaps guilty of alleged short-comings.

Ministers perhaps do not appreciate that Business Rules of the government of India confer certain rights and enjoin certain responsibilities on the Secretary to the Government. As Secretary to the Government, I have both the right and responsibility to advise the Minister as to what I consider rational, fair in public interest. It is, of course, for the Minister to accept or reject such advice.

While note does not quote any instance of my by-passing Minister’s orders, I would like to quote a few instances where I promptly complied with written orders, which were against my advice and which I consider were wrong, partisan and against public interest, duly respecting right of the Minister to reject my advice.

I. CBI had requested for registering a regular case against Shri M. K. Thaper, CMD, SECL under Section 120(b) read with

Section 420 of IPC and Section 13(2) read with Section 13(I)(d) of Prevention of Corruption Act. After examining the material of record, file was submitted to PM as Minister (Coal) through MOS(C&M) with the recommendation to permit CBI to register the case. PM directed me to give a hearing to the officers concerned and submit a self-contained note taking all aspects of the matter into consideration. Accordingly, I visited Ranchi, examined all the relevant documents as well as officers concerned and found that there was more than an adequate evidence of misconduct on the part of Shri M. K. Thapar. I, therefore, recommended that CBI may be permitted to register a regular case. Ministers did not agree with the advice, However, orders of Ministers were complied with, though I consider it was a wrong order. It is a different matter that the said orders has since been revised by the Prime Minister as Minister-in-charge of the Coal Ministry.

II. Minister (Coal) had desired that Shri B. Bhattacharya, Director (Technical), CMPDIL, should be transferred to BCCL vice Shri H. R. Surana, Director (Technical), BCCL. It was suggested to the Minister that Mr. Surana was due to retire in couple of months and it is not desirable to shift Directors from one company to another, unless there are compelling reasons to do so. It may be noted that powers of inter-company transfer of Directors was extensively misused in this Ministry for reasons which are not difficult to understand and hence these powers were withdrawn from Ministry by ACC. In compliance with written orders of the Minister proposal were send to ACC. ACC, of course did not approve the proposal. Requests for several more transfers of Directors were orally made by the Minister, which I had politely declined to recommend.

III. Screening Committee consisting of representatives of various Ministries has been deliberating and deciding allocation of captive Coal mining blocks for the last several years. Agenda notes and minutes of these meetings were never submitted for

approval of the Minister. Minister, however, desired that agenda notes and minutes of meeting should be submitted to him. Approval of agenda notes and minutes by Ministers does not serve any useful purpose. In fact, it is a strange request that the minutes of the meetings to which Ministers is not a party should be approved by him. However, orders of the Minister were promptly complied with.

There are the few instances of orders which were irrational and not in public interest, but have been complied with, duly respecting the right of the Minister to reject advice tendered by the Secretary.

I would now proceed to deal with each of the paras of the note.

(I). A copy of the note dated 18.06.04 received from Shri Shibu Soren soon after he took charge as Minister of Coal & Mines is placed at Annexure-I. The information sought by the Minister in his note was made available and file submitted to him on 14.07.04. It was also orally informed to the Minister that none of the policy initiatives that could be taken by Coal Ministry would of such relevance to common masses to deserve reference by the Prime Minister in his Independence Day address from ramparts of the Red Fort. The file was received back in the office on 26.07.04 without any comments after the Minister demitted his office.

However, a number of policy initiatives have been taken by the Ministry. Some of these have been implemented and some could not be implemented because of unwillingness on the part of the Minister to bring required transparency in respect of some of the policies. Some of the major policy initiatives taken by the Department are:

- a) Allocation of captive coal blocks through open competitive bidding.
- b) Marketing of Coal through internet based e-auction.
- c) Out-sourcing of mining activities in Coal India for greater

efficiency and economy.

- d) Allocation of Coal blocks to public sector power utilities and State Government companies on par with CIL.
- e) Allocation of Coal blocks on groups captive basis and leader associate basis.
- f) Conferring status of Mini-Ratna to Coal companies in order to enable them to have greater delegation of power.
- g) Streamlining process of project approvals.

(II). As regards dealing with coal mafia, Minister perhaps has far more knowledge about operation and strength of coal mafia as he comes from a State where strangle hold of the coal mafia is strongest. Coal mafia is not outside the Government. It exists within the Ministry of Coal, Coal companies, trade unions, State Administration and local political leadership. There are no easy and shortcut solutions to the problem of coal mafia in the current political and administrative milieu of the country. Dealing with coal mafia requires strong political commitments at Central and State Government level and ability to effectively enforce law and order which does not exist. I had no solution to offer to the Minister apart from bringing about structural changes in the operations of the coal industry for which Ministers have shown great reluctance.

(III). to (VIII). All these paras relate to appointment of regular CMD for CIL. Shri N. K. Sharma, the then CMD, CIL was placed under suspension by the Government on 4/6/03. Proposals for termination of services of Shri N. K. Sharma or in the alternative creation of super-numerary post in order to fill up the post CMD. CIL on regular basis were initiated by my predecessor well before I took charge the Ministry. By the time I took charge of the Ministry, the post of CMD, CIL had already remained vacant for over nine months. CIL is too important for country's energy sector to remain without a regular head for a long time. I, therefore, followed up both the proposal in order see that post of CMD, CIL is filled up on regular basis at the earliest, I did seek and obtain approval of Minister for termination of services of Shri N. K. Sharma as E.O.

required fresh approval from the new Minister. After proposal had been sent to the E.O. Minister endorsed to recall the proposal on receipt of a letter from Shri Tek Lal Matho, MP. I advised the Minister that having once sent the proposal in respect of an officer who is facing several charges of misconduct, it will not be appropriate for him to recall the proposal, and the Minister agreed with the advice.

Though proposals for termination of Shri Sharma and/or creation of a supernumerary post in the grade of Chairman CIL were being constantly followed up, orders for creation of a supernumerary post were received from PMO only after Shri Soren had resigned. While creating supernumerary post, PM also directed to fill up the post of CMD, CIL within one month. Accordingly process of selection was expedited and completed by the time Shri Soren was re-inducted in the Cabinet. I could not have had premonition about resignation and re-induction of Shri Soren to conspire and get Mr. Shashi Kumar selected in the intervening period. In any case selection for appointment of CMD was made by PESB and not me.

After post of CMD, CIL was notified by PESB, it was found that Mr. Shashi Kumar was the only candidate within CIL who fulfilled the criteria for selection. It was, therefore, considered necessary to relax minimum experience required in order to see that PESB has a reasonable number of candidate from whom to select CMD, CIL. This was done in consultation with PESB. Relaxation in qualifying experience was not given in favour of Shri Shashi Kumar, but in favour of other officers. This can in no way be considered as a favour shown to Shri Shashi Kumar.

As regards alleged involvement of Shri Shashi Kumar in purchase of explosives for which Mr. N. K. Sharma was suspended, the relevant facts were in the knowledge of CVC and I am sure CVC would have taken note of these facts while giving vigilance clearance in respect of Shri Shashi Kumar. However, in view of

the reservations expressed by the MOS, the role of Shri Shashi Kumar was fully investigation by CVO, CIL and CVC after examining the report of CVO, CIL has rightly advised that there was no misconduct on the part of Shri Shashi Kumar in purchase of explosives.

After clearance from CVC in respect of Shri Shashi Kumar was received, file for the appointment of Shri Shashi Kumar was submitted with the direction to the Joint Secretary that the file in which CVC's clearances was received may also be submitted separately to the Minister for his perusal. The reason for processing both the files simultaneously was to ensure that there is no further delay in processing proposal for appointment of CMD, CIL and not to hold back any information from the Minister.

When the file for appointment of Shri Shashi Kumar was submitted for approval, it was clearly recorded in the note that the second candidate in the panel recommended by PESB was Shri V. K. Singh who was also clear from vigilance angle. If Minister had preference for Shri V. K. Singh, he could have indicated his preference for Shri V. K. Singh, while rejecting the proposal for appointment of Shri Shashi Kumar.

It is clearly laid down in the Transaction of Business Rules of the Government of India that the decision on acceptance or rejection of recommendation of PESB has to be taken by Appointment Committee of Cabinet (ACC) of which Minister is a member. In order to enable ACC to take a decision in the matter, all facts including detailed notings of the Minister have been communicated to ACC. In my understanding of the Business Rules, this is the only way in which cases where Minister differ from the recommendation of PESB have to be processed.

I hold Mr. Shibu Soren is great esteem as a popular tribal leader. Difference opinion on specific issues does not mean that I do not bother for the only adivasi Minister.

I have seen working of Shri Shashi Kumar for the last one year. Shri Kumar is one of the few officers in Coal Industry with impeccable record of personal and professional integrity and courage of conviction. It will be great justice if his name for posting as CMD, CIL is rejected on extraneous considerations.

The decisions of Coal Ministry to reject request of CBI to register a case against Shri Thapar and efforts to somehow find some evidence of misconduct against Shri Kumar can not but send a message to the executives in CIL that personal and professional integrity does not matter and officers with resources or right connection can get away with anything. This will be a very unfortunate message to convey to an industry which is rampant with corruption and fully under control of mafia.

(IX). I am not aware of any discussion about my motives in the Coal trade as nothing specific has been mentioned about in the note. It is therefore not possible to make any comment on this observation.

As regards complaints from Members of Parliaments, lesser said the better. I had heard that signature of MPs can be obtained for a price on any piece of paper. I wish it was not true. However, my experiences of working in the Ministry for the last one year makes me believe that it is unfortunately true. I had earlier in my D.O. Letter No. Secy©/3.01.05 dated 6.12.04 had brought to the notice of the Cabinet Secretariat false and baseless allegation leveled against me by Shri Chandra Sekhar Dubey, MP from Dhanbad. I had requested Cabinet Secretary to bring this matter to the notice of the PM and Speaker of Lok Sabha for appropriate action. I am not aware if Government has taken any action on the letter.

Subsequent to Shri C. S. Dubey's letter, another complaint against me was made by Shri Giridhar Yadav, I was very hurt by these motivated complaints from MPs and I had decided to call it a day and seek retirement from the Service. I had in fact drafted a



letter which on second thought I did not send to you. I am attaching a copy of this draft as Annexure-2.

I am sorry to say that the Members of Indian Parliament who swear to uphold the Constitution of India can with impunity indulge in black mailing civil servants and senior executives of public sector companies to meet their personal ends. It is unfortunate that country has no institutional mechanism to stop such misconduct on the part of the law makers.

(X). As regards the allegation that Standing Linkage Committee (SLC) had not met for last more than one and half year, the responsibility does not lie on my door. I had been Secretary of the Department for less than one year. SLC meetings was scheduled in the month of the April, 2004 soon after my taking charge but had to be postponed on the directives of the then Minister (Coal) Ms. Mamta Banerjee, who wanted the meeting to be held only after elections to Parliament.

In any case with the current negatives coal balance, there is hardly any scope for giving new linkages. Any additional linkages without increasing production can be only a theoretical exercise.

(XI). As regards allocation of captives Coal blocks through competitive bidding, there are opinion in favour and against it. However, there can be no doubt that such a system will be far more transparent than any system that is based on subjective considerations. While both MOS and M(Coal) were strongly opposed to the idea, Prime Minister as Minister (Coal) had approved the proposal, I did not make any misrepresentation on the issue and deliberations of the meetings with stake holders were faithfully recorded.

(XII). This perhaps refers to non allocation of captive coal blocks pending approval of new policy of allocation based on competitive bidding. I did not expect that this proposal which will bring total transparency in allocation of Coal Blocks would face so many hurdles. Even after the Prime Minister while holding charge as

Minister (Coal) had approved the proposal, Cabinet Note could not be processed as file remained pending with the Minister till he second time demitted the office. However, based on the decision given by Prime Minister to continue the present system of allocation, pending introduction of competitive binding, five Screening Committee meetings were held in the last four months and decisions has been taken in respect of more companies in last few months than what was done in the previous 10 years.

(XIII). No new coal policy can create additional employment in sick coal companies of Jharkhand which are already incurring losses because of huge unproductive manpower.

MOS and M (Coal) were always opposed to the e-auction proposal. Prime Minister during the short spell as Minister in-charge of Coal Ministry, approved a trial auction. Trial e-auction was conducted successfully and netted substantial additional revenue for BCCL. Once the first trial auction was successful, it was logical to extend it further and have some more trials in orders to frame new marketing policy. However, Minister kept the file pending and finally before resigning rejected the proposal without indicating any reason. Dy, Chairman, Planning Commission has also recommended marketing of coal through e-auction and the proposal has now been resubmitted for the approval of the Prime Minister in his capacity as M (Coal).

There is large scale of black marketing and generation of bank money through patronage of coal mafia in current system of marketing of coal. In trial e-auction at NEC premium received was as high as Rs. 1000/ per tonne amounting to Rs. 25 lakhs per rake. Instead of this revenue legitimately accruing to the Coal companies which have been incurring losses year after year, this is being cornered by the black marketeers and mafia. The Minister instead of supporting the efforts of CMD, CIL to curb malpractices has been standing in the way of bringing transparency in marketing operations.

(XIV). There is nothing wrong in CMD CIL going to the press and announcing that if successful, trial e-auction will be extended to other companies also. In fact a public debate is a part of process of policy formation. Reaction generated through such public communications help in redefining and fine tuning public policy. Transparency in coal marketing is prime need of the coal industry and will be one major steps towards curbing role of coal mafia.

(XV). Responsibilities for the delay of more than two years in confirmation of board level appointees can not be that of a Secretary who has been in office for less than one year. In fact all the pending case were submitted for confirmation after my taking over as Coal Secretary. File for regularization was submitted based on the recommendations of PESB. PESB makes its recommendation based on the SPAR and lapse on the part of officers in not linking SPAR is not such a serious matter for which Minister should find faults with the Secretary.

(XVI). Screening Committee in recent meetings have proposed Group Captive Mining, concepts of leader and associates, reduced period of mine life etc. These policy changes have been generally welcome by the applicants for captive blocks and will result in significant improvement in satisfaction of coal demand in the shortest possible time. No policy can be valid for indefinite time, and has to constantly evolve based on the felt needs of the society. These changes in policy came out of deliberation of Screening Committee and have been submitted for the approval of the Minister. Any change in policy may adversely affect interests of some individuals, who may oppose it. But a policy formulated in larger public interest can not be faulted on account of opposition of a few.

(XVII). Allocation of captive Coal blocks has been going on for last 10 years and Long Term Coal Linkages are being given ever since Nationalization of Coal Industry. These decisions have always been taken by the Screening Committee and Standing Committee that are inter-ministerial forums for decision making. Agenda and

minutes of these meetings were not being approved by the Ministers. This practice was not started by me, I cannot therefore be blamed keeping Minister out of loop.

There is no merit in approval of agenda notes and minutes of meetings of these Committees by the Minister (Coal). If these committees suggest any policy change certainly those need approval of the Minister. But every decision taken by the inter-ministerial Committee does not need approval of the Minister. Such concentration of powers which is anti-thesis of declared policy of the Government for greater delegation and decentralization of powers. Since I did not find any merit in prior approval of agenda notes and minutes of meeting of these Committees, I had recorded my views against this proposal. However, agenda items and minutes of these meetings are now being submitted for approval of the Minister.

I have always candidly recorded my views on all proposals and promptly compiled with written orders even where my advice has not been accepted by the Minister. A difference of opinion cannot be construed as reluctance to comply with orders or lack of faith in political leadership.

(XVIII). Stowing exercise duty is collected and credited to the general revenues of the Union. Under Law, this duty is levied for development of infrastructure and taking measures for conservation of coal and safety in coal mining areas. Since these funds are credited to general revenues, a proposal was made to the Finance Ministry to credit these amounts in a separate fund so that amount collected as stowing exercise duty are available exclusively for the purpose mandated by Law. This was only an administrative change suggested in the interest of proper utilization of fund. The file was submitted to the Minister for information after sending the proposal to the Finance Ministry. Minister has not found fault with the proposal. I am unable to see what is the issue about.

A suggestion was made by the Minister for creation Coal Area Development Authority by crediting 1% of the profits of Coal Companies in a special fund. Such a fund can be created only by enacting a Law. This proposal has serious implications not only for coal industry but also for other sectors of Economy as similar demand can be made for creation of funds for Petroleum sector, Power sector and so on.

Pending formation of such an Authority, it was suggested to the Minister that Public Sector Coal Companies can contribute Rs. 1/- per tonne of Coal produced to be used for creation of fund for peripheral development of coal bearing areas. A scheme was accordingly drafted in consultation with CIL. When the file was put up to the Minister he suggested Rs. 2/- per tonne should be collected for the fund. The proposal has therefore been again referred to CIL for its views.

(XIX) & (XX). My tour programme for visit to US and Spain was approved by the PM as Minister (Coal). However, before the tour was undertaken it was found that Spain leg may not be useful in view of absence of senior executives of M/s Mishlin who were otherwise occupied. The programme was, therefore, slightly modified to drop Spain and include visit to two factories where hydraulic coal mining equipment are manufacturing. These two factories are located in close proximity to Frankfurt which to has to be any way touched on way to US. In absence of PM who was Minister-in-charge of Coal and was on US tour, revised tour programme was got approved by the MOS. The revised tour did not result in any additional expenditure for the Government and in fact resulted in considerable savings. I am unable to understand as to why delay in ratification of revised tour programme which was approved by the MOS should be made into an issue.

(XXI). I had never made any uncharitable remarks about MOS or Coal Minister despite my serious differences with them on several policy issues.

As regards respect for ~~77~~ political leadership. I have already dealt with it in my introductory remarks.

CONFIDENTIAL

No.10/7/2005-CS(A)

Cabinet Secretariat

In his letter dated 8th August, Shri PC Parakh IAS , has pointed out the unfortunate conduct of Shri Dharmendra Pradhan member of Parliament, vis-i-vis Shri Parakh, in the Course of the meeting of the Consultative Committee of the Members of Parliament attached to the Ministry of Coal on the 5th August 2005. Shri Parakh has given notice of voluntary retirement and mentioned that he is proceeding on earned leave w.e.f from 9th August 2005. He is supernatuting on the 31st December, 2005.

2. It was only recently that Shri CS Dubey, Member of Parliament, had made a number of allegations against Shri Parakh. The allegations, and also, a complaint from the then Coal Minister was examined in detail, after taking into account the comments of the officer himself. None of the allegations against the Parakh were found to be proved and the Prime Minister had approved that the matter be closed.

3. I have talked to Shri Parakh to reassure him of our full support in his efforts to meet the challenges of the coal sector including determination to fight the coal mafia. I have also assured him that the Government has full faith in his stewardship as Secretary of the Coal Ministry, and that the matter will be brought to the notice of the Prime Minister. We have to keep in mind that such incidents do not happen and proceedings in these committees are civil. I understand that Shri Parakh is likely to resume duties from Tuesday, 16th August 2005.

4. It may be appropriate if informally this is brought to be notice of the speaker.

(B.K Chaturvedi)  
Cabinet Secretary  
13.08.2005

Prime Minister



**Sudhir Munganiwar**  
Member of Legislative Assembly  
Ex. Cabinet Minister (Maharashtra)

दिनांक : २४/०७/२००५

प्रति,

मा. श्री. पारिख साहब  
सचिव,  
केन्द्रीय कोयला मन्त्रालय,  
भारत सरकार, नई दिल्ली,  
सप्रेम जय विदर्भ !

महोदय,

आपसे मेरी प्रत्यक्ष मुलाकात नहीं हुई है, लेकिन आपके बारे में, आपकी प्रामाणिकता के बारे में बहुत सुना है इसलिए यह पत्र आपके प्रति अपनी भावनाएं उजागर करने हेतु लिख रहा हूँ। आप व्यवस्था में बदलाव ला रहे हैं। मैंने आपकी प्रामाणिकता की प्रशंसा अनेक व्यक्तियों के माध्यम से सुनी है। आपने ई-ऑक्शन शुरू किया। किसी भी प्रकार के राजनैतिक दबाव में न आते हुए आप जो कार्य कर रहे हैं यह निश्चित रूप से सराहनीय है। घाटे में चल रहे कोल इंडिया को मुनाफे वाली कंपनी बनाने के लिए आप ने जो कोशिश शुरू की है उसमें आप सफल हों, इस हेतु मैं आपको शुभकामनाएँ देता हूँ।

आप जिस सत्य के मार्ग पर चल रहे हैं वह निश्चित रूप से काबिले तारीफ है। सत्य कभी कभी परेशान जरूर होता है लेकिन पराजित नहीं हो सकता। आपको मेरी हार्दिक शुभकामनाएँ।

आपका स्नेह एवं सहयोग सदैव अपेक्षित।

शुभकामनाओं के साथ .....

आपका स्नेहकांक्षी

(सुधीर मुनगंटीवार)

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